QUALITY EDUCATION MODEL

Final Report

August 2020

Quality Education Commission

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Quality Education Commission

255 Capitol Street NE
Salem, OR 97310
Office: 503-947-5670
Fax: 503-378-5156

Quality Education Commission

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BRIAN REEDER
Assistant Superintendent, Oregon Department of Education

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Preface

A little over a year ago, at the end of June 2019, things were heading in the right direction for K-12 and early education in Oregon. Oregon's high school graduation rate had risen for the 10th year in a row and had exceeded 80% for the first time since the current method for calculating the rate began in 2008-09. More importantly, the Oregon legislature had just adopted the Corporate Activities Tax, a type of gross receipts tax that analysts predicted would raise about a billion dollars a year for Oregon K-12 and early education when the tax was fully phased-in.

Expecting this new revenue, the legislature passed the Student Success Act (HB 3427), creating a set of grants for Oregon school districts and early education programs. Implemented in partnership with the Oregon Department of Education, the grants provide funding and guidelines to improve the effectiveness of Oregon's schools. The Student Success Act puts particular emphasis on improving the equity of the system and reducing both the opportunity and achievement gaps for underserved students.

The global coronavirus pandemic, however, changed everything. The pandemic started in late 2019 and spread rapidly throughout most of the world in the first few months of 2020, causing economic activity to decline sharply as businesses closed to slow the spread of the infection. In March and April nearly every state in the U.S., including Oregon, closed its public schools for the remainder of the 2019-20 school year, and the closures will extend into the first part of the 2020-21 school year in many states.

The business closures and the resulting layoffs and lost wages have led to budget crises in many states, including Oregon. The revenue from the new Corporate Activities Tax has been well below projections, and Oregon's personal income tax revenues will decline substantially as well. Depending on the actions of the 2021 Oregon Legislature, this may leave Oregon's schools with funding below the levels anticipated before the economic downturn.

This report provides an update of the Quality Education Model and estimates the level of funding needed to run a highly effective system of schools in Oregon. It also compares that "full" level of funding with the level that Oregon's K-12 school can actually expect to get, given the diminished revenue expected due to the coronavirus' impact on the economy. The report also builds on past QEM reports by providing analysis and recommendations for practices that will improve the effectiveness of Oregon's schools, with particular attention to provisions of the Student Success Act and with the added revenue from the Corporate Activities Tax that will grow as the economy improves.

Finally, this report provides information about the spending patterns of school districts and evaluates whether allocating resources in a different way can improve student outcomes. The report also provides, for the first time, information on capital funding for school facilities in Oregon school districts and evaluates funding trends for Regional Programs that provide services for children with low-incidence, high-needs disabilities, an area of funding that has received little attention in recent years.

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Executive Summary

Oregon has ambitious educational goals and has established high expectations for all of its students. But adopting high expectations is not enough. Although we have made impressive progress by some measures—notably graduation rates—there are still large opportunity and achievement gaps for some student groups, particularly students of color, students from low-income families, English language learners, and students with disabilities. Many students fall into two or more of these groups, making our challenges even greater.

These persistent gaps make it clear that Oregon cannot meet its education goals with the system we currently have. We need to build an educational system that is intentionally designed to close the opportunity and achievement gaps that the current system produces. In 2019, the Oregon Legislature provided the funding and the mechanism—the Student Success Act—to do that.

In addition to added funding, the Student Success Act provides guidelines for implementation that are designed to create long-term school improvement strategies for all of Oregon's school districts and early education programs. Perhaps most importantly, the Act is centered in equity, making a clear and strong commitment to improving equity in student outcomes by increasing access and opportunities for historically underserved students. That commitment shows up both in the allocation of added funding specifically for underserved groups and in requirements for community participation in the development of school distinct plans for school improvement.

Over the past two years the Quality Education Commission evaluated the environment for K-12 education in Oregon, looking at funding, student outcomes, and the educational practices needed to continue making progress toward the state's educational goals.

Based on that work, the Commission made the following findings:

> **Oregon has an inequitable education system.** The result is that specific student groups consistently achieve at lower levels than their peers. The resulting opportunity and achievement gaps have existed for generations, leaving many students less well-prepared than their peers and less than what they deserve.

We must change our system if we expect to get different outcomes. Our current education system is delivering the outcomes it was designed to deliver, so if those outcomes are not the ones we want—and clearly they are not—then we need to change the system to one that delivers outcomes more consistent with our values.

Successfully changing the system requires a cooperative and coordinated effort. Implementation of the Student Success Act System is the key to successful school improvement. To bring about this type of fundamental system change, each of the many stakeholders in the system has an important role to play,

Changing the system will also take more resources. Through the Student Success Act, the Oregon Legislature provided the needed resources by raising more revenue and appropriating more to education, with the clear goals of improving equity. The coronavirus pandemic means that the added revenue will come in slower than initially projected, but the added revenue is still considerable.

Despite lower than expected revenue, the K-12 funding gap will fall. While lower than earlier forecasts, the revenue from the new Corporate Activities Tax is still substantial, reducing the funding gap to a projected $834 million in the 2021-23 biennium. That's down from a gap of $1.77 billion in the 2019-21 biennium.

The closure of Oregon schools creates a new challenge. The closure of Oregon's schools required by the coronavirus outbreak means our students are missing critical in-person instruction, and many students will fall behind. This is particularly true of historically underserved students, so schools and districts must be prepared to give those students the extra help they need.

The Funding Gap

The funding gap is the difference in the State School Fund amount needed for the Current Service Level of funding and the amount needed for full funding, as estimated using the Quality Education Model. We estimate that the funding gap will fall from $1.77 billion in the 2019-21 biennium to $833.6 million in 2021-23. The reduction in the gap is a result of the added revenue for schools coming from the Corporate Activities Tax passed as part of the Student Success Act.

EXHIBIT 1: Quality Education Model Funding Requirements

Dollars in Millions		
	2019-21	**2021-23**
Current Service Level Total Funding Requirements		$18,156.7
Local, Federal, and Non-State School Fund Sources		$7,819.8
Projected Student Success Act Funding		$1,176.5
State School Fund	$9,000.0	$9,160.5
Fully-Implemented Quality Education Model Funding Requirements		$18,990.3
Local, Federal, and Non-State School Fund Sources		$7,819.8
Projected Student Success Act Funding		$1,176.5
State School Fund	$10,773.9	$9,994.0
Funding Gap: Amount Fully-Implemented Model is Above the Current Service Level	$1,773.9	$833.6
Percent Change in Funding Gap from Prior Biennium	-0.5%	-53.0%
Gap as a Percent of the Current Service Level	19.7%	9.1%

Exhibit 2 has a history of the funding gap. It shows that the added revenue under the Student Success Act will cut the gap by more than half from what it was in the 2019-21 biennium and by more than three quarters from its peak of 38 percent in the 2011-13 biennium.

EXHIBIT 2: Gap Between QEM and Actual State Funding

Dollars in Millions				
Biennium	**State School Fund for QEM Full Implementation**	**State School Fund Legislative Appropriation***	**Gap**	**Percent Gap**
1999-01	$5,654.2	$4,562.0	$1,092.2	23.9%
2001-03	$6,215.6	$4,573.9	$1,641.7	35.9%
2003-05	$6,659.2	$4,907.6	$1,751.6	35.7%
2005-07	$7,096.7	$5,305.2	$1,791.5	33.8%
2007-09	$7,766.2	$6,131.0	$1,635.2	26.7%
2009-11	$7,872.8	$5,756.9	$2,115.9	36.8%
2011-13	$8,004.9	$5,799.0	$2,205.9	38.0%
2013-15	$8,775.0	$6,650.4	$2,124.6	31.9%
2015-17	$9,158.4	$7,376.3	$1,782.1	24.2%
2017-19	$9,971.0	$8,200.0	$1,771.0	21.6%
2019-21	$10,773.9	$9,000.0	$1,773.9	19.7%
2021-23	$9,994.0	$9,160.5	$833.6	9.1%

* For 2021-23 the amount is the estimated Current Service Level since the legislative appropriation had not yet been made at the time this report was published.

There is considerable uncertainty about the estimated $833.6 million funding gap because it is dependent on the level of funding available from the new Corporate Activities Tax. With coronavirus cases still growing in Oregon and many other states, the timing of the economic recovery, which will drive tax revenue, is hard to predict.

Based on the analysis and findings of the Commission's work, we make the following recommendations.

Oregon should make educational equity and eliminating gaps in opportunity and achievement its primary education goals. We should no longer tolerate an educational system that delivers inequitable results, disadvantaging students of color, English learners, disabled students, and students from low-income families. An inadequate education will disadvantage them throughout their lives.

We should focus our educational improvement efforts on system and process improvement. We should avoid the temptation to rely on discrete programs, activities, and interventions that only treat the symptoms, not the root causes, of the system's inadequacies.

In the short-term, these actions are the most important:

Continue implementing the foundational elements of the Student Success Act. Despite new revenue coming in lower than initially expected, continue implementing the aspects that build the capacity and "infrastructure" required for system reform. This will put schools and districts in the best position to move forward effectively when revenue growth increases.

Develop plans to assist students who were the most adversely affected by the school closures. The coronavirus pandemic is exacerbating the inequities in student opportunities, making it even more important for Oregon to focus on the work to reach students we are not adequately serving now. Oregon has an obligation not just to provide the opportunity for every student to succeed, but to make sure that every student actually does succeed.

In the longer-term, focus on these actions:

Institutionalize equity based practices within schools. Work toward creating a more welcoming culture and reducing disparities in student outcomes by developing an equity stance and making decisions and taking actions through the lens of that stance.

Increase equal opportunity and access to high-quality early learning programs. This includes developmentally appropriate, culturally specific, and inclusive early learning programs. The research is clear that high-quality early learning has life-long positive impacts on the lives of underserved children.

Pay attention to social and emotional learning. Children need to develop social and emotional skills to be effective learners and to thrive in social settings.

Build community partnerships. Schools and districts need help. Community partners such as non-profits and social service agencies can deliver key services that schools and districts can't.

Build systems designed to continuously improve. Districts are the key to school improvement, and that requires leadership and for districts to acknowledge, measure, and evaluate how needs differ across schools. Change at the school level matters the most. The focus for change must be on school-level processes, and they must be tailored to the specific needs of each school.

Distribute resources to individual schools based on measures of student need. In an equitable system, districts will account for variations in need among their schools when distributing resources to those schools.

Work cooperatively with partners to effectively implement the provisions of the Student Success Act. The Act provides both the funding and the mechanism for the kind of change that can transform Oregon's schools. It is a once in a generation opportunity to build a system that is more effective and equitable than the one we have today.

Introduction

This 2020 Quality Education Model Report is the twelfth since the first report was released in 1999. Starting as the Legislative Council on the Oregon Quality Education Model, the Quality Education Commission was established in statute in 2001 with the responsibility to identify best educational practices and to determine the costs of implementing those practices in Oregon's K-12 schools. To carry out that responsibility, the Commission adopted and has continuously enhanced the Quality Education Model to be a research-based tool to evaluate best educational practices and their costs. The goal of the Quality Education Commission is to promote better-informed decision-making about educational practices and funding that will lead to continued improvement in educational outcomes for Oregon's students.[1]

Oregon's Educational Goals

The promise of public education in the United States is in its potential to promote economic mobility by providing a high-quality education to all students, no matter their economic, social, and racial/ethnic backgrounds. The gaps that still exist in student achievement across economic and racial/ethnic groups indicates that promise remains unfulfilled.

Oregon has established high expectations for all of its schools and students. The 1991 Oregon Legislature passed the Education Act for the 21st Century, creating challenging goals for the state's K-12 system of education and calling for a school system in which all students have the opportunity to gain knowledge and skills to reach their full potential. The State Board of Education adopted standards—guidelines for what students should know and be able to do—to implement these legislative goals.

In 2013 the Oregon legislature adopted a set of education reforms intended to integrate all levels of public education in Oregon. Those reforms contain an aspirational goal known as 40-40-20: by the year 2025, 40 percent of students will earn a bachelor's degree or higher, 40 percent will earn an associate's degree

or technical certification, and 20 percent will have a high school diploma or its equivalent as their highest attainment. With the high school graduation rate currently at 80 percent and the college-going rate of high school graduates hovering around 60 to 65 percent, it is clear that the current system will not get us to the 40-40-20 goal.

Where are we today?

It is quite clear that adopting high expectations and standards is not enough. While we have made progress toward our goals, there still exist large opportunity and achievement gaps among student groups, and the progress in closing those gaps has been slow. Despite impressive growth in Oregon's high school graduation rates for all student groups over the past decade, differences in graduation rates are still large, particularly for students of color, students from low-income families, English language learners, and students with disabilities. For students who fall into more than one of these groups—and fully one third of Oregon's students do—the challenges are even greater.

These persistent opportunity and achievement gaps—in access to rigorous curriculum and culturally responsive/sustaining instruction, in test scores, high school graduation, and college going and completion—is clear evidence that Oregon's education system is not delivering equitable opportunities or results, including those prior to when students enter kindergarten. And let's be clear: **it is not possible for Oregon to meet its education goals without reforming our system so it is intentionally designed to close these gaps.**

The passage of the Student Success Act by the 2019 Legislature will provide the funding and the mechanism by which Oregon can initiate and maintain long-term school improvement. The law provides for additional funding—an estimated $1 billion a year for K-12 and early learning in the 2021-23 biennium—and the structure for schools and districts, with assistance from the Oregon Department of Education, to create

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1   ORS 327.497 through 327.506, established the Quality Education Commission and defined its responsibilities.

fundamental system change. The additional funding provided by the Corporate Activities Tax presents Oregon with the first opportunity in more than three decades to devote significantly more resources to early learning programs, K-12 schools, and higher education.

The global coronavirus pandemic, however, has thrown a wrench into these plans. The closure of schools to limit the spread of the virus and to keep students, staff, and families safe, means funding for the Student Success Act will come in more slowly than planned. In addition, the school closure in March of 2020 has affected the learning of Oregon students, and those effects are uneven and inequitable around the state and across different groups of students. This creates an added challenge for implementation efforts when early childhood programs and schools reopen.

Where are we headed?

With the passage of the Student Success Act and the associated funding increase, Oregon was poised to make dramatic improvements in its early learning and K-12 systems. The added funding, when fully phased-in, would have reduced the gap between actual funding and the level of funding recommended by this commission, to less than 5 percent. That compares to a gap stuck between 20 and 38 percent since estimates using the Quality Education Model started in 1999. While funding for education in the 2021-23 biennium remains highly uncertain because of the budget crisis Oregon faces, we estimate the funding gap will fall to about 9 percent because of added revenue from the Corporate Activities tax. That compares to a gap of nearly 20 percent in 2019-21.

The coronavirus pandemic is exacerbating the inequities in student opportunities, making it even more important for Oregon to focus on the work to reach students we are not adequately serving now. Oregon has an obligation not just to provide the opportunity for every student to succeed, but to make sure that every student actually does succeed.

The K-12 system cannot do this work alone. Early childhood programs are a key component, as is post-secondary education, including four-year institutions, community colleges, career training programs, and career-connected learning experiences. In addition, children's experiences in their families and with the healthcare system also are key elements to success. Oregon still has far too few of its pre-kindergarten students enrolling in high-quality Pre-K programs, and far too many of its high school graduates entering higher education but not earning a degree. Increased cooperation and coordination among Pre-K, K-12, higher education, social service agencies, and community organizations is important to making progress in these areas. Oregon needs such a "cradle-to-career" approach if we are going to provide the opportunity for all of Oregon's children to reach their full potential.

The coronavirus pandemic also has created an economic crisis that means the added revenue from Oregon's new Corporate Activities Tax will come in more slowly than initially anticipated. This means the school improvement efforts will need to be adjusted to reflect the new economic and revenue reality. This does not mean, however, that we should stop our school improvement efforts. There are important actions that must continue to lay the foundation for effectively using the added resources as the economy recovers. While the level and growth in funding remain a question in the short-term, we ought to remain committed to continuing community conversations, prioritizing mental health and social-emotional learning, and providing equitable education for our students of color, students with disabilities, students learning English, and students navigating poverty, homelessness, and foster care. We also must pay attention to differences between urban and rural areas of the state that may influence the equity of opportunities we provide to students. This is the time for a deeper investment in educational innovation. This will require an investment in skill building and mindset shifts with educational leaders, educators, students, and families.

Education Equity Should be Oregon's Primary Goal

To close the persistent opportunity and achievement gaps that exist in Oregon schools, we must make doing so the primary goal of system change. Approaching system change through an equity lens means decision-makers explicitly evaluate the impacts system change will have on underserved student groups in the decision making process. This helps educators and decision-makers recognize institutional and systemic barriers and discriminatory practices that have limited student success in the Oregon education system. The equity lens emphasizes underserved students, such as out of school youth, English Language Learners, economically disadvantaged students, and students of color, with a particular focus on racial equity.

Oregon's schools will only realize their full potential if we intentionally prioritize educational equity and belonging as a primary goal and strategically apply what we know from research on the effects of race and racism, the relationship between culture and learning, and the neuroscience of healthy brain development. To do that, we need to understand what it is about our systems/culture that work to push students out (i.e., we must get at root causes) and the mechanisms by which some students are denied the same opportunities and outcomes as more advantaged students. Recent research found that even in school districts where schools have diverse populations of students, there often is segregation of students within schools, with minority students segregated in particular classrooms.[2]

Equity-Centered Practices

Putting equity at the center of our educational practices requires that effective educational practices/investments—those that are well implemented and tailored to the circumstances of students in each individual school—be fully integrated into each school's daily routine. Because needs can vary tremendously among districts and schools, each district should evaluate the investments that will have the greatest impact in each of their schools, as identified in their

needs assessments.

To achieve Oregon's educational goals, schools must engage students in a way that clearly demonstrates that finishing high school is an essential interim step for students to achieve their life goals. High school graduation remains the Quality Education Model's key measure of K-12 system success and is consistent with the state's 40-40-20 goals. To achieve the goals successfully, Oregon needs to adopt proven school improvement practices statewide.

The school closures caused by the coronavirus pandemic are exacerbating existing inequities across racial, ethnic, income, disability, and other societal dimensions, clearly exposing the inequities inherent in our educational institutions. The uprising connected to the most recent murders of Black people by police has elevated the necessity to deepen our education system's emerging racial equity and anti-racism efforts.

It is critical that all educators and policymakers consider the importance of naming, understanding, and elevating the strengths of each student, so that they are able then to identify the policies, practices, mindsets, norms, and other systemic barriers that prevent those strengths from being built upon. That means it is important that Oregon's districts and schools ground their improvement plans and practices in the goal of equity in both opportunities and outcomes for all students. Unless Oregon's schools intentionally and explicitly make closing current opportunity and achievement gaps one of their primary goals and direct resources accordingly, those gaps will remain.

Schools and districts can make progress toward creating a more welcoming culture and reducing disparities in student outcomes by developing an equity stance and viewing decisions and actions through the lens of that equity stance. The equity stance adopted by the Quality Education Commission is an example of creating a statement of beliefs about equity and committing to explicitly identifying disparities in Oregon's education

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2   Charles Clotfelter, Helen Ladd, Mavzuna Turaeva, School Segregation at the Classroom Level in a Southern 'New Destination State', unpublished working paper, January 30, 2020

systems for the purpose of targeting areas for action, intervention, and investment. The core of the QEC's equity stance is its statement of beliefs, shown below. The full equity stance is in Appendix A of this report.

The QEC Believes:

- Everyone has the ability to learn and that we have an ethical responsibility and a moral responsibility to ensure an education system that provides optimal learning environments that lead students to be prepared for their desired individual futures and a prosperous future for the collective Oregon community.

- Speaking a language other than English is an asset and that our education system must celebrate and enhance this ability alongside appropriate and culturally responsive support for English as a second language.

- Students receiving special education services are an integral part of our educational community and we must welcome the opportunity to be inclusive, make appropriate accommodations, and celebrate their assets. We must directly address the over-representation of children of color in special education and the under-representation in talented and gifted and college-prep programs.

- Students who have previously been described as "at risk," "underperforming," "under-represented," "under-served," or "minority" actually represent Oregon's best opportunity to improve overall educational outcomes. We have many counties in rural and urban communities that already have populations of color that make up the majority. Our ability to create an equitable education system is critical for us to successfully reach our state's 40/40/20 goals.

- Intentional and proven practices must be implemented to return out-of-school youth to the appropriate educational setting. We recognize that this will require us to challenge and change our current educational setting to be more culturally responsive, safe, welcoming, receptive, and responsive to the significant number of elementary, middle, and high school students who are currently out of school.

- We must make our schools safe for every learner. When students are alienated from their school communities they are inherently less safe emotionally and, potentially, physically.

- Ending disparities and gaps in opportunities and achievement begin in the delivery of quality Early Learner programs and appropriate parent engagement and support. This is not simply an expansion of services -- it is a recognition that we need to provide services in a way that engages and has value to our most diverse segment of the population, 0-5 year olds and their families.

- Resource allocation demonstrates our priorities and our values and that we demonstrate our priorities and our commitment to rural communities, communities of color, English language learners, students with special needs, and out of school youth in the ways we allocate resources and make educational investments.

- Communities, parents, teachers, and community-based organizations have unique and important solutions to improving outcomes for our students and educational systems. Our work will only be successful if we are able to truly partner with the community, engage with respect, authentically listen--and have the courage to share decision making, control, and resources.

- Every learner should have access to information about a broad array of career/job opportunities and apprenticeships that will show them multiple paths to employment yielding family-wage incomes, without diminishing the responsibility to ensure that each learner is prepared with the requisite skills to make choices for their future.

- Our community colleges and university systems have a critical role in serving our diverse populations, rural communities, English language learners and students with disabilities. Our institutions of higher education, and the P-20 system, will truly offer the best educational experience when their campus faculty, staff and students reflect this state, its growing diversity and the ability for all of these populations to be educationally successful and ultimately employed.

- The rich history and culture of learners is a source of pride and an asset to embrace, celebrate, and be included in the culture of Oregon's educational

settings; even as our diverse histories and cultures sometimes challenge the assumptions of the state's dominant culture.

- Supporting great teaching is essential. Teachers are among the most powerful influences in student learning. An equitable education system requires providing teachers with the tools and support to be highly effective instructors for each and every student.

- Equity requires the intentional examination of systemic policies and practices that, even if they have the appearance of fairness, may in effect serve to marginalize some and perpetuate disparities.

- Data are clear that Oregon demographics are changing to provide rich diversity in race, ethnicity, and language.

- Working toward equity requires an understanding of historical contexts and the active investment in changing social structures and changing practice over time to ensure that all communities can reach the goal and the vision of 40/40/20.

For Outcomes to Change, Our Systems Must Change

Even good educational practices can be ineffective at improving student outcomes if those practices are delivered within a poorly functioning system.

> "A **System** is an interdependent group of processes (composed of structures, tools and materials, people, norms/policies, relationships, etc.) that join together to accomplish a specific purpose. **System change** means making changes to one or more parts of the system and how the parts interact"[3]

Over the past decade, Oregon has seen steady improvement of key education outcome measures, particularly the high school graduation rate. But that progress has not reached all students, with outcomes for students of color, English Language Learners, students with disabilities, and students from low-income families lagging well behind those of more advantaged students. The persistence of these opportunity and achievement gaps is the best evidence we have that the current

system for delivering K-12 education in Oregon needs fundamental change. While the challenges faced by students in these groups get the most attention in discussions of equity, building systemic supports for underserved students will allow Oregon schools to better serve all students.

Our current education system is delivering the outcomes it was designed to deliver, so if those outcomes are not the ones we want—and clearly they are not—then we need to change the system to one that delivers outcomes more consistent with our values.

Dismantling the inequities in the current system requires going beyond acknowledging the system is inequitable to actually becoming anti-racist, anti-classist, and anti-ableist. This means approaching our processes, core work, and interventions differently. Past school improvement efforts focused on making the existing system more effective at doing the same things it has always done. The change we really need, if we are to create a truly equitable system and close persistent opportunity and achievement gaps, requires dismantling the inherently inequitable structure of the current system and replacing it with one that has three essential elements:

- It centers on the strengths of our students and families

- It engages them in an inclusive process of understanding the root causes of disparate outcomes

- It lets them lead the redesign of culturally sustaining systems

Such a system acknowledges and addresses the ways we have all been impacted by racism and systemic oppression and creates inclusive learning environments in which students of color, students living in poverty, and students with disabilities experience a sense of belonging and agency to shape the content and process of their learning so they can thrive.

Making fundamental system change requires us to identify where the current system is failing to deliver the desired results, then improving or overhauling those parts of the system. In Oregon, we have seen increases in funding and consistent growth in graduation rates and other measures of achievement, but achievement

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3   Kari Nelsestuen, et. al., Understanding Your System, Coaching for Improvement

gaps persist, indicating we continue to underserve many students—particularly students of color, students from low-income families, English Language learners, and students with disabilities. To close these gaps, we must focus school improvement efforts specifically on the parts of the system responsible for leaving certain student groups behind.

Some of the large opportunity and achievement gaps have their origins in early childhood, where failure to have an adequate public Pre-Kindergarten system, and increased spending on early childhood enrichment by high income parents, has meant there has been only a modest closing of the opportunity gap by income. In order to change system outcomes in K-12, we have to consider the system outcomes in the early learning programs serving children from birth to age 5. In a study of academic achievement gaps between high- and low-income students born in the 1990s, Sean Reardon and Ximena Portilla found that school readiness gaps were much larger for students born in the 1990s than for students born two decades earlier, but that the gaps narrowed modestly from 1998 to 2010, particularly between high- and low-income students and between White and Hispanic students.[4]

Daphna Bassock and her colleagues, studying kindergarteners in 1998 and 2010, had similar findings: "We find that (a) young children in the later period are exposed to more books and reading in the home, (b) they have more access to educational games on computers, and (c) they engage with their parents more, inside and outside the home. Although these increases occurred among low- and high-income children, in many cases the biggest changes were seen among the lowest-income children."[5]

While these studies indicate some closure of gaps between low- and high-income children and between some students of color and their white peers, the progress has been slow and of modest size. The added funding that the Oregon Legislature appropriated for early education programs, which are targeted at lower-income families, is a good start on closing these gaps further and faster, but as we have discussed earlier, this added funding is unlikely to be available in the short-term because the economic crisis caused by the coronavirus pandemic.

Best Educational Practices

The University of Chicago's Consortium on School Research, in its 5Essentials work on school improvement, writes, "Historically, school improvement efforts have primarily focused on technical factors such as grades and test scores while neglecting the social components of a school's culture, such as trust and commitment."[6]

They go on to describe an approach that research indicates is more effective:

> "The 5Essentials is a research-based and practice-proven school improvement system that provides data and insight into schools' organizational strengths and areas of opportunity across the five essential factors for school improvement: Effective Leaders, Collaborative Teachers, Involved Families, Supportive Environment, and Ambitious Instruction. Researchers have found that schools strong on at least three of the five essentials were 10 times more likely to show substantial gains in student learning over time than schools weak on three or more of the five essentials. Research also shows that a persistently low score in even just one of the five essentials reduced the likelihood of improvement to less than 10 percent." [7]

Consistent with the 5Essentials work, the Science of Learning and Development (SoLD) synthesis, along with related research on school improvement, suggests that the ability of schools to improve outcomes requires environments, structures, and practices attuned to

4   Sean F. Reardon and Ximena A. Portilla, Recent Trends in Income, Racial, and Ethnic School Readiness Gaps at Kindergarten Entry, https://journals.sagepub.com/doi/full/10.1177/2332858416657343

5   Daphna Bassok, et.al.,Socioeconomic Gaps in Early Childhood Experiences: 1998 to 2010, https://journals.sagepub.com/doi/pdf/10.1177/2332858416653924

6   The University of Chicago Consortium on School Research, UCHICAGOImpact, https://uchicagoimpact.org/our-offerings/5essentials

7   https://uchicagoimpact.org/sites/default/files/5eframework_outreach%26marketing%20%281%29.pdf

students' learning and developmental needs.[8]

Productive instructional strategies include:

- **Meaningful work that builds on students' prior knowledge and experiences** and actively engages them in rich, engaging tasks that help them achieve conceptual understanding and transferable knowledge and skills;

- **Inquiry** as a major learning strategy, thoughtfully interwoven with explicit instruction and well-scaffolded opportunities to practice and apply learning;

- **Well-designed collaborative learning opportunities** that encourage students to question, explain, and elaborate their thoughts and co-construct solutions;

- **Ongoing diagnostic assessments** and opportunities to *receive timely and helpful feedback*, develop and exhibit competence, and revise work to improve;

- **Opportunities to develop metacognitive skills** through planning and management of complex tasks, self and peer assessment, and reflection on learning.

In its 2018 Quality Education Model Report, the Quality Education Commission provided a set of recommendations for educational practices to improve the effectiveness of Oregon's schools, and those recommendations are still relevant today. The 2018 QEM report underlines building system capacity and coherence and warns against plans focused primarily on discrete programs, activities, and interventions. As an introduction to the best practices discussion in this report, we summarize the Commission's 2018 guidance for continuous improvement, a focus on equity, a framework for building coherent education systems that use resources effectively, and the use of *improvement science*.

Elements of a continuous school improvement model include:

- **A Shared Vision** that promotes a positive school culture and environment that emphasizes academic excellence, shared responsibility, collaboration, and mutual trust and respect.

- **A Common Understanding of the Problems to be Solved** through honest discussion with staff, students, and parents to identify which aspects of the existing system, practices, and processes are at the root of the problems so that those parts of the system can be made better.

- **Effective Teachers** supported by high-quality induction, support, and mentoring and contains these elements:

  - context-specific professional learning that builds capacity for small group facilitation

  - analysis of individual student needs, strategic planning to address root causes of underachievement, and partner networking;

  - time and support for data analysis and diagnosis of student needs and sharing of expertise in solving teaching challenges;

  - meaningful evaluations and feedback about standards aligned classroom performance and professional collaboration;

  - and including teacher leadership (trying, evaluating, and planning new practices) in the career path.

- **Strong and Stable School Leaders** who foster a shared vision and culture of trust and support, develop and empower effective teachers, coordinate support staff and external partners, and assure the coherence of the processes and practices that ensure every student and teacher has and meets high expectations.

- **Well-coordinated Support Staff** who promote a culture of learning through support of both academic and personal issues.

- **Community Partners** who add value by working on the ground to directly assist families, students, and schools in solving challenges, providing wrap-around services, and connecting schools to their neighborhoods.

- **Engaged Parents** who have the necessary information to help their students stay on track and to get involved and connected to the larger school community.

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8   David Osher, et.al.,Science of Learning and Development: A Synthesis, 2017, https://5bde8401-9b54-4c2c-8a0c-569fc1789664. filesusr.com/ugd/eb0b6a_2bff6267aaa04b1e95ad9581b600a3bb.pdf

The Commission recommends districts use the following framework to build coherence and to deploy resources in the most productive way:

- **Institute a coherent governance system** coordinated across the school, district, and state levels, with well-articulated priorities at each level and a clear vision of where cooperation is needed. Provide school supports in the form of expert assistance in diagnosing problems, devising local solutions, and assisting with implementation. This will take the cooperation of schools and districts, with help from the Oregon Department of Education (ODE).

- **Provide strong supports** (high quality Pre-K, affordable healthcare, family wrap-around supports) so children arrive at school prepared, healthy, and eager to learn. This requires cooperation between districts and local social service organizations, community organizations, city government, early childhood providers and Hubs, and other organizations that serve children.

- **Ensure that students with highest needs have access to the best teachers.** This requires that districts work with schools to be strategic about staffing decisions.

- **Develop a highly coherent instructional system** of standards, curriculum frameworks, assessments, and course requirements. ODE and the legislature work cooperatively with school districts to accomplish this.

- **Create clear pathways for students through the system**, set to global standards, with no dead ends. Set and clearly communicate high expectations for all students, including descriptions of how this step in the path prepares them for future steps, and provide supports for those not yet meeting them. ODE should lead this effort in concert with school districts and the legislature.

- **Ensure an abundant supply of highly qualified teachers** through *grow your own programs* that begin with high school students. This requires cooperation among districts, Oregon's schools of education, ODE, the Teacher Standards and Practices Commission (TSPC), and the legislature.

- **Recruit and invest in the leadership development of teachers and staff** so they can lead and develop strong systems of instruction. This will take cooperation among districts, the teacher unions, and ODE.

- **Professionalize teaching** by providing supports and incentives for learning and continuous improvement, increasing teachers' role in decision-making through communities of practice, and providing more non-classroom time to improve instruction. This will require cooperation among districts, Oregon's schools of education, teacher unions, TSPC, ODE, and the legislature.

- **Create an effective system of career and technical education** and training that requires high-level academic performance from all students. This will require a joint effort by districts, ODE, and the legislature.

The effective use of data is an important part of this work. While the experience and professional judgement of teachers and other educators is critical in identifying the strengths and needs of individual students, using data can provide the kind of information about groups of students, and patterns over time, that is helpful in designing system changes to promote more equitable outcomes.

The origins of these gaps go back a long time. School systems in Oregon and the U.S. developed—and remain—in a societal context of systemic racism, classism, and ableism. We see the consequences of this in a wide range of the data that we collect about our students and schools: graduation rates, standardized test scores, discipline incidents and punishments, attendance, college going and college completion rates, and others. The persistence of such gaps over long periods of time are clear evidence that the system itself needs to be changed if we are to achieve our desired educational goals.

Start Early and Keep Going

Early Childhood

We know that all children are born full of potential, and all families want the best for their children. The first 5 years of life are a time of rapid brain development and opportunity to create the foundational structures of a child's brain that can set them up for long-term love of learning and success. Learning begins at birth, so our support for child development and learning must also begin at birth and even prenatally. Disparities in language development have been measured as early as

9 months of age. Young children age 0-5 are the most racially and ethnically diverse and face the greatest poverty rates of any age group in Oregon. Ultimately, we need systems that promote child development and learning that start prenatally, partner with families as a child's first teacher, and work against the negative impacts of poverty and systemic racism.

The opportunity and achievement gaps in K-12 have their roots in circumstances that exist long before students enter kindergarten. Factors such as health status in the early years of life, family income, housing stability, and access to quality childcare and pre-school all have an impact on how well children are prepared to enter kindergarten. The student groups least well served by our education system can benefit greatly when provided access to developmentally appropriate, culturally responsive, inclusive preschool and other early learning opportunities. Lack of adequate funding means that many children eligible for these programs do not have access. Oregon's Legislature also recognized this need in the Student Success Act, dedicating 20% to programs for children age 0-5 and their families. Well-functioning Early Learning Hubs in conjunction with the Cradle-to-Career organizations are poised to keep this collective work aligned and centered on the connection between outcomes along the continuum.

As a step toward making progress on improving our understanding of the whole early learning system, the QEC recommends starting by adding estimates for the cost of preschool education for 3 and 4 year olds to the QEM in future reports. When we invest in high-quality preschool, we have the greatest chance to improve long-term outcomes for children who currently are the least well served by our K-12 system.[9] The Student Success Act contains substantial new funding to support preschool access and quality, among other important investments. These investments have the greatest impact when preschool education is culturally relevant or specific, inclusive, and developmentally appropriate, and there is alignment, coordination, and collaboration between preschools and elementary schools. In addition, a strong partnership between K-12 and the local childcare system is a key component in the effectiveness of this strategy.

The increased funding provided by the Student Success Act for preschool and other early learning programs will help to close these gaps, but is not yet adequate to serve all eligible children and families. In addition, children and families thrive when early learning investments complement efforts to improve childhood health, increase access to more affordable housing, and provide more stable and higher-wage jobs. These actions all have a role to play in improving educational outcomes. Oregon also should increase cooperative efforts among state agencies, school districts, city and county governments, and community organizations to develop more coordinated policies and funding to take a comprehensive approach to improve opportunities for our children and students.

Higher Education

Opportunity and achievement gaps can be exacerbated in the post-secondary experience. If college-bound students are not well prepared coming out of high school, or do not feel safe or welcome on campus, they often struggle in college. The consequences show up as high remediation rates and low persistence and graduation rates.

College-going and persistence data for Oregon high school graduates show students from low-income families and students of color persist and graduate from college at lower rates than more advantaged students. We must work to identify and eliminate the barriers to post-secondary success for students of color, low-income students, and students who historically have not been well served by our higher education system.

The Social Service Sector

Social supports from both public and private entities can make a big difference in the lives of children and their families. Connecting social systems to community schools can be effective when done well. Central Oregon's Better Together is a great example. Better Together Central Oregon is a regional, cross-sector partnership working collectively to improve education outcomes for children and youth from cradle to career. Better Together is a partnership made up of over 300 stakeholders from six school districts, two higher education institutions, and multiple early learning organizations, non-profits, businesses, and government agencies. Better Together convenes and facilitates these

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9   Jorge Luis Garcia, et. al., The Life-cycle Benefits of an Influential Early Childhood Program, NBER Working Paper 22993, December 2016

cross-sector, regional partners to close gaps and increase success in critical student outcomes.

If Oregon is to eliminate disparities in Pre-Kindergarten, K-12, and higher education, we need a cradle-to-career approach, and that requires considerable efforts towards system alignment and coordination. It will take state-level leadership from the Early Learning Council/Early Learning Division, the Department of Education, and the Higher Education Coordinating Commission working together to make this happen.

Social and Emotional Learning

The promise of social and emotional development as a lever for increasing educational equity rests on the capacity of educators to understand that *all learning is social and emotional*, and all learning is mediated by relationships that sit in a sociopolitical, racialized context – for all children, not just those who are black and brown. Social emotional learning offers the possibility of acknowledging, addressing, and healing from the ways we have all been impacted by racism and systemic oppression. and to create inclusive and culturally sustaining-responsive learning environments in which students of color and students living in poverty experience a sense of belonging, agency to shape the content and process of their learning, and thrive. This potential will only be realized if we intentionally prioritize educational equity and belonging as a primary goal in our educational system and strategically apply what we know from research on the effects of race and racism, the relationship between culture and learning, and the neuroscience of healthy brain development.

Linda Darling-Hammond and her colleagues discuss the importance of rethinking educational institutions designed a century ago based on factory models that embraced standardization at the expense of relationships. They argue that "...schools can be organized around developmentally-supportive relationships; coherent and well-integrated approaches to supports, including home and school connections; well-scaffolded instruction that intentionally supports the development of social, emotional, and academic skills, habits, and mindsets; and culturally competent, personalized responses to the assets and needs that each individual child presents." Those responses include:

1. Supportive environmental conditions that foster strong relationships and community. These include positive sustained relationships that foster attachment and emotional connections; physical, emotional, and identity safety; and a sense of belonging and purpose;

2. Productive instructional strategies that support motivation, competence, and self-directed learning. These curriculum, teaching, and assessment strategies feature well-scaffolded instruction and ongoing formative assessment that support conceptual understanding, take students' prior knowledge and experiences into account, and provide the right amount of challenge and support on relevant and engaging learning tasks;

3. Social and Emotional Learning that fosters skills, habits, and mindsets that enable academic progress, efficacy, and productive behavior. These include self-regulation, executive function, intra-personal awareness and interpersonal skills, a growth mindset, and a sense of agency that supports resilience and protective action;

4. Supportive environmental conditions that foster strong relationships and community. These include positive sustained relationships that foster attachment and emotional connections; physical, emotional, and identity safety; and a sense of belonging and purpose;

5. Productive instructional strategies that support motivation, competence, and self-directed learning. These curriculum, teaching, and assessment strategies feature well-scaffolded instruction and ongoing formative assessment that support conceptual understanding, take students' prior know- ledge and experiences into account, and provide the right amount of challenge and support on relevant and engaging learning tasks;

6. Social and Emotional Learning that fosters skills, habits, and mindsets that enable academic progress, efficacy, and productive behavior. These include self-regulation, executive function, intra-personal awareness and interpersonal skills, a growth mindset, and a sense of agency that supports resilience and protective action;

7. Systems of supports that enable healthy development, respond to student needs, and address learning barriers. These include a multi-tiered system of academic, health, and social supports that provide personalized resources within and beyond the classroom to address and prevent developmental detours, including conditions of trauma and adversity.[10]

Regional Programs

Oregon Regional Programs provide essential services for children with low-incidence, high-needs disabilities.

- Children with Autism Spectrum Disorder
- Children who are Blind and Visually Impaired
- Children who are Deaf/Hard of Hearing
- Children with Deaf/Blindness
- Children with Orthopedic Impairment
- Children with Traumatic Brain Injury

Regional Programs provide services to students and classroom teachers in their schools and classrooms by an itinerant staff of teachers and other professionals licensed and specifically trained in their unique disability area. These services focus on increasing the child's ability to benefit from the curriculum and educational activities provided in his/her classroom. Regional Programs create an economy of scale that allows for equitable and cost affective delivery of essential services to children in their community schools.

Key services include:

- Teacher of the Visually Impaired teaching Braille, visual concepts, access to general education curriculum.
- Autism Consultants providing professional development for students with complex needs requiring the expertise and behavioral intervention of highly skilled staff.
- A Teacher of the Deaf/Hard of Hearing teaching American Sign Language, literacy concepts and skills to participate in general education classroom.
- Specialized personnel providing expertise for students with a significant traumatic brain injury needing coordination of care and interventions.
- Regional specialists facilitating the provision of high cost equipment for students with severe orthopedic impairments.
- Specialized Speech & Language Specialists providing instruction and access for communication such as eye glaze devices and educational switches.
- Staff specializing in deaf/blindness providing instruction, accommodations, modifications, and professional development for school district staff.

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10   Linda Darling-Hammond, Lisa Flook, Channa Cook-Harvey, Brigid Barron, and David Osher, *Implications for educational practice of the science of learning and development*, Learning Policy Institute, Stanford University; American Institute of Research. https://doi.org/10.1080/10888691.2018.1537791

The number of students served by regional programs has grown an average of 1.9 percent per year since the 2007-09 biennium, with growth flattening in 2009-11, then resuming in the 2015-17 biennium (Exhibit 3).

EXHIBIT 3: Students Served by Regional Programs by Biennium
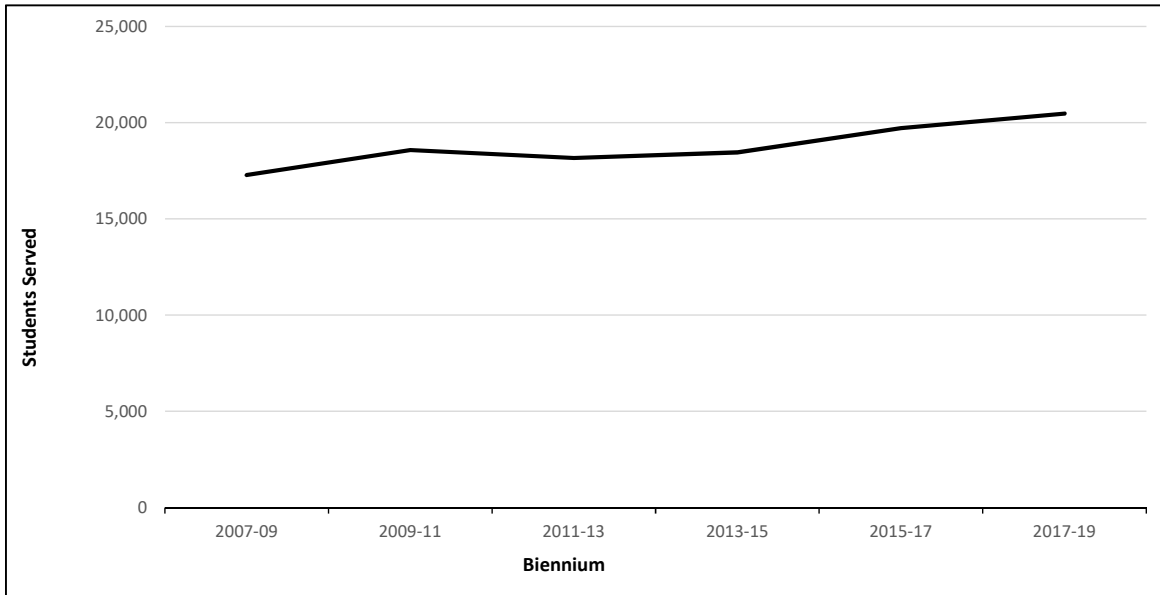
Over that same period, total funding rose 2.3 percent, and average annual growth rate of just 0.2 percent per year. When adjusted for inflation, total funding fell by more than 20 percent, as shown in Exhibit 4.

EXHIBIT 4: Regional Programs Total Funding
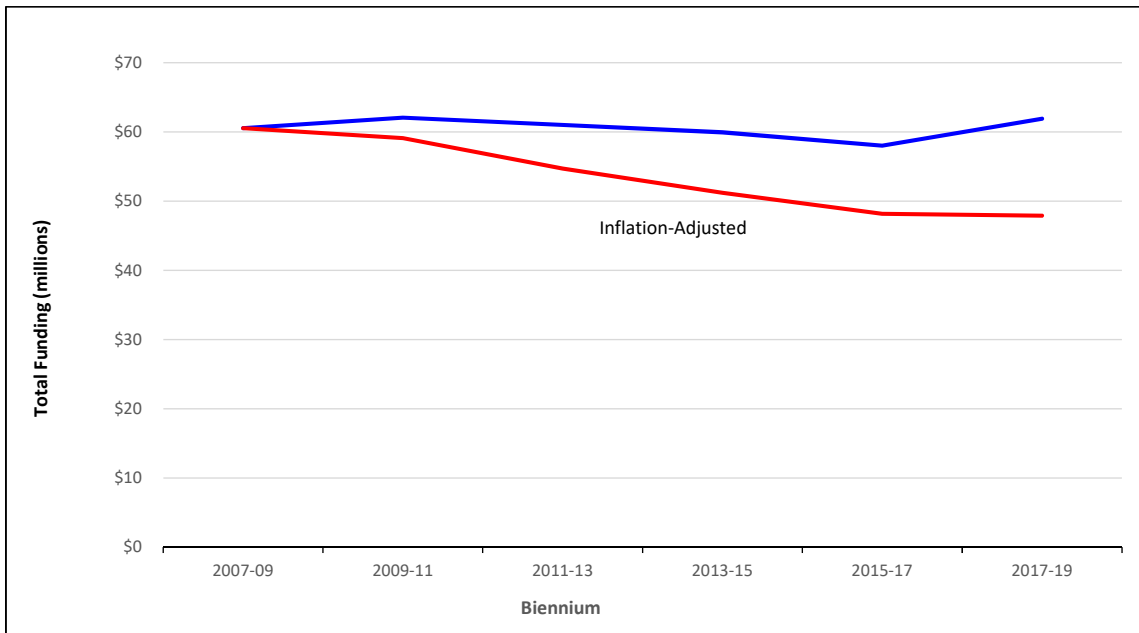
The number of student served, however, has grown steadily over the period, so funding on a per-student basis declined by 14 percent over the period. **When adjusted for inflation, per student funding fell by more than 33 percent**. With expected funding for the 2019-21 biennium of $62.1 million, just 0.3 percent above the prior biennium, funding per student is expected to continue to fall. Exhibit 5 shows this trend.

EXHIBIT 5: **Regional Programs Funding per Student**
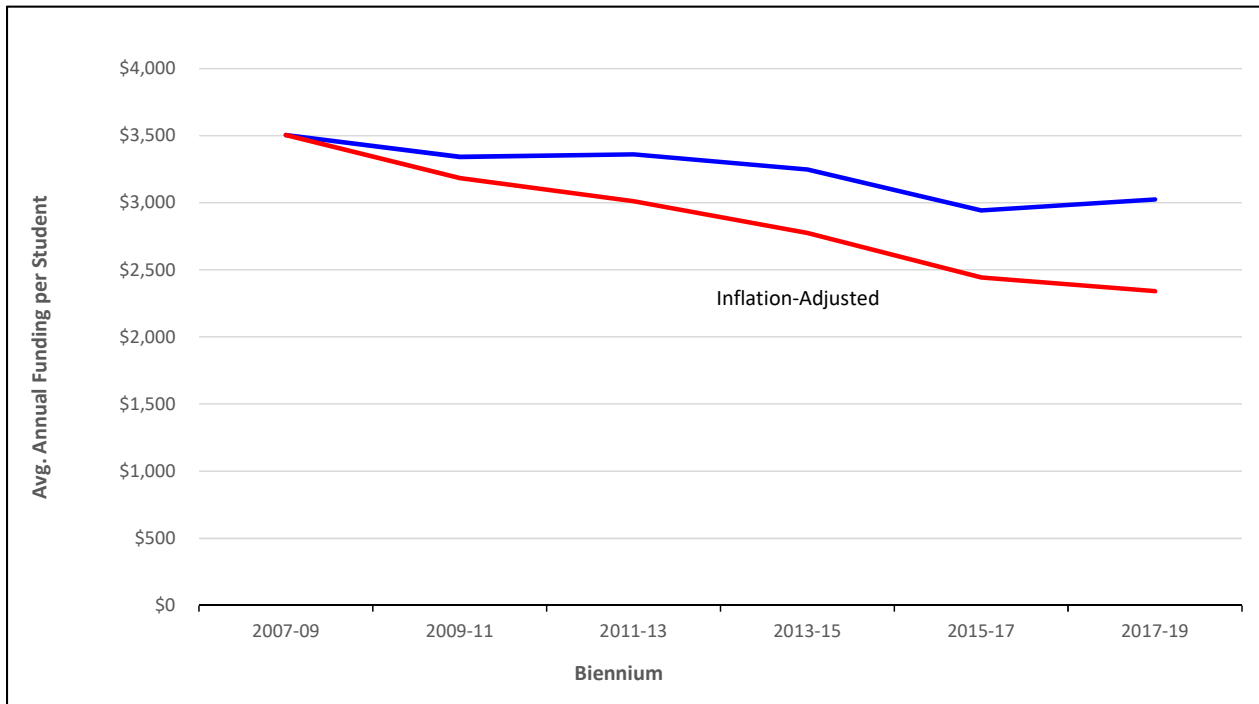
Urban/Rural Differences Exist and Our School System Must Reflect That

Oregon has 197 school districts ranging from districts with large geographic areas but small student populations to districts with small geographic areas and large student populations. Oregon's districts and their students, however, vary in a number of ways other than just size and population density. Exhibit 6 shows the number of school districts and average enrollment in each of the four types of regions defined by the National Center of Education Statistics and known as "locales". While more than half of all districts in Oregon are in rural areas, those districts average enrollment of just 546 students and serve less than 10 percent of all K-12 students. In contrast, the 13 districts in Oregon cities have average enrollments of 18,691 students and serve about 42 percent of all students.

EXHIBIT 6: **Enrollment by Geographic Locale, 2019-20**

Locale	Number of Districts	Total Enrollment	Average Enrollment	Percent of Total Enrollment
City	13	242,978	18,691	41.90%
Suburb	20	127,092	6,355	21.92%
Town	60	152,956	2,549	26.38%
Rural	104	56,830	546	9.80%

An analysis by the Chalkboard Project, the Children's Institute, and EcoNorthwest pinpointed three key challenges for education in the rural parts of the Oregon:[11]

- Family income is correlated with school success, and Oregon's urban/rural income divide is much larger today than it was four decades ago. **We must work to mitigate the role household income plays in student opportunity and achievement.**

- Poor attendance is correlated with lower student achievement, and schools in rural Oregon consistently report higher rates of chronic absenteeism. **We must work to identify factors that** **drive higher rates of chronic absenteeism. School climate appears to be one of the key factors: a sense of belonging for children, youth and families.**

- College-going is adversely impacted by the distance students live from college campuses. Each year, about 500 rural students fail to enroll in postsecondary education because of a lack of exposure to college campuses. **We must find ways to overcome the role distance plays in college going.**

Exhibit 7 shows demographic characteristics of school districts in four types of regions defined by the National Center of Education Statistics and known as "locales".[12] There are many communities in rural Oregon that have diverse student populations, but as a whole rural districts are less racially and ethnically diverse than their urban and suburban counterparts. Districts in towns and rural areas also have a smaller share of students who are English-language learners. Students in towns and rural areas are more likely to be economically disadvantaged than their city and suburban counterparts.

EXHIBIT 7: Student Demographics by Geographic Locale

Student Category	Locale							
	City		Suburb		Town		Rural	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
American Indian/ AK Native	1,673	0.7%	771	0.6%	3,343	2.2%	1,223	2.2%
Asian	15,647	6.4%	5,899	4.6%	1,237	0.8%	426	0.7%
Pacific Islander	2,501	1.0%	1,270	1.0%	519	0.3%	141	0.2%
Black	9,001	3.7%	2,885	2.3%	958	0.6%	332	0.6%
Hispanic	61,648	25.1%	30,231	23.7%	38,849	25.4%	7,545	13.3%
White	136,779	55.7%	77,116	60.6%	100,419	65.6%	43,943	77.3%
Muti-Racial	18,291	7.4%	9,130	7.2%	7,665	5.0%	3,220	5.7%
	245,540	100.0%	127,302	100.0%	152,990	100.0%	56,830	100.0%
Economically Disadvantaged	119,571	48.7%	51,748	40.6%	83,978	54.9%	30,401	53.5%
Not Economically Disadvantaged	125,969	51.3%	75,554	59.4%	69,012	45.1%	26,429	46.5%
	245,540	100.0%	127,302	100.0%	152,990	100.0%	56,830	100.0%

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11   Rural Education in Oregon: Overcoming the Challenges of Income and Distance, https://chalkboardproject.org/sites/default/files/Rural%20Education%20Report%20FINAL_0.pdf

12   National center for Education Statistics, School Locations and Geoassignments, https://nces.ed.gov/programs/edge/Geographic/SchoolLocations

Student Category	Locale							
	City		Suburb		Town		Rural	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
Current English Language Learners	25,973	10.6%	12,555	9.9%	12,151	7.9%	1,853	3.3%
Non-English Language Learners	219,567	89.4%	114,747	90.1%	140,839	92.1%	54,977	96.7%
	245,540	100.0%	127,302	100.0%	152,990	100.0%	56,830	100.0%
Special Education Students	34,558	14.1%	17,120	13.4%	21,124	13.8%	7,643	13.4%
Non-Special Education Students	210,982	85.9%	110,182	86.6%	131,866	86.2%	49,187	86.6%
	245,540	100.0%	127,302	100.0%	152,990	100.0%	56,830	100.0%

Graduation rates tend to be lower in towns and rural areas, more than three percentage points lower than in the combined rate in cities and suburbs. Exhibit 8 shows that districts in rural areas have a rate slightly higher than districts in towns, but both lag districts in cities and suburbs.

EXHIBIT 8: Graduation Rates by Geographic Locale, 2018-19

Locale	Numkber of Districts	High School Graduate	Total Cohort	Grad Rate
City	13	14,843	18,160	81.73%
Suburb	20	8,449	10,200	82.83%
Town	60	9,851	12,571	78.36%
Rural	92	3,721	4,688	79.37%

One of the factors research has shown to be associated with lower graduation rates is the share of students who miss a lot of school—students who are chronically absent.[13] The share of students who are chronically absent from school is relatively high in Oregon, with one in five students missing ten percent or more of the school year. We see virtually no differences, however, in the share of students who are chronically absent across the four geographic locales (Exhibit 9).

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13   Students are considered chronically absent if they miss ten percent or more of the days they are enrolled in school.

EXHIBIT 9: Chronic Absenteeism by Geographic Locale. 2018-19

Locale Group Name	Number of Districts	Number of Chronically Absent Students	Total Studednts	Percent Chronically Absent
City	13	47,095	231,906	20.3%
Suburb	20	24,135	121,426	19.9%
Town	60	30,175	143,724	21.0%
Rural	104	10,776	52,316	20.6%

Perhaps the most striking difference in educational attainment between urban and rural areas is in college-going. Exhibit 10 shows that high school graduates from Town and Rural districts attend college at rates that are more than ten percentage points below the rates of their urban and suburban peers. This is consistent with the findings of the Chalkboard Project's recent study that concluded that one of the barriers to college-going students from rural areas face is the distance from college campuses.

EXHIBIT 10: College-Going by Geographic Locale, High School Class of 2017-18

Locale Group Name	Numkber of Districts	High School Graduates	Enrolled in College*	College-Going Rate
City	13	14,638	9,836	67.19%
Suburb	20	8,289	5,377	64.87%
Town	60	9,707	5,266	54.25%
Rural	104	3,568	1,907	53.45%

*Enrolled in college within 16 minths of graduating from high school.

The Chalkboard Project analysis concluded that successful economic development that lifts families out of poverty would also translate into better school performance. The data shown here, along with the well-established finding that raising family incomes is associated with improved student outcomes, supports that conclusion. Also important may be the relative paucity of community organizations in rural areas relative to more densely populated areas. These organizations can be valuable partners to school districts in serving student and family needs in ways that lead to improved success in school.

Facilities Investment

The research on the whether higher quality school facilities have a positive impact student achievement is mixed, but we should all be able to agree that students deserve to learn in a safe and welcoming environment, and that is more difficult to provide when buildings are in poor condition. Ensuring that all of Oregon's school facilities are safe environments for learning should be a high priority.

The importance of high quality facilities has become very clear with the school closures related to the coronavirus outbreak. Schools with inadequate computers and other technology have struggled to provide online learning for their students. In addition, in the preparation for physically reopening schools for the 2020-21 school year, districts with older facilities built for a different era are likely finding those buildings are harder to modify to allow for social distancing and other safety measures necessary to keep students and staff safe.

In Oregon, funding of capital investment in school and district buildings and equipment is almost entirely the responsibility of school districts and is financed primarily by property tax levies approved by local voters. In 2013, the legislature created the Oregon School Capital Matching program, commonly called OSCIM, to provide state matching funds to school districts that pass property tax levies for school construction as a way

to encourage the passage of local capital levies. The program is generally regarded as successful, and there is some evidence that the program was the deciding factor in the passage of school district levies that otherwise would have failed. Since the creation of the state matching program, a number of school districts that had consistently failed to pass levies were able to get voter approval.

Because funding for capital investment is largely a local responsibility in Oregon, state-level discussions of school funding rarely address the issue, despite the fact that the facilities of many Oregon school districts are in poor condition. While this report does not provide an in-depth analysis of capital investment in schools, it provides some basic information about school district capital funding in an effort to generate more discussion.

Capital spending by a given school district is "lumpy'. That is, districts make capital expenditures relatively infrequently and often in very large amounts. A district may have little or no capital investment for many years, then spend tens or hundreds of millions of dollars over a few years to build new schools or do major renovations on existing ones.

Exhibit 11 shows capital revenue and expenditure totals for the state as a whole, starting in 1999-00. For revenue, the graph represents primarily the proceeds from the sale of bonds, which districts then pay back with property tax revenue. The revenue also contains interest earnings on the bond proceeds earned while the districts are holding that money. For expenditures, the graph represents payments for the purchase of land and the construction and renovation of buildings. The graph shows that revenue comes in discrete spikes when bonds are sold, and the spending of the bond proceeds is somewhat smoother, with about a 2-year lag to when the expenditures are made.

The exhibit shows a dramatic increase in revenues from bond sales starting in 2014-15. Over that 5-year period, school districts raised a total of $6.7 billion, taking advantage of very low interest rates. That compares to just $1.3 billion over the prior 5-year period and a total of $5.3 billion over the prior 15 years. This dramatic increase in capital investment is welcome news given the relatively poor condition of many of Oregon's school buildings.

EXHIBIT 11: Capital Fund Revenues and Expenditures
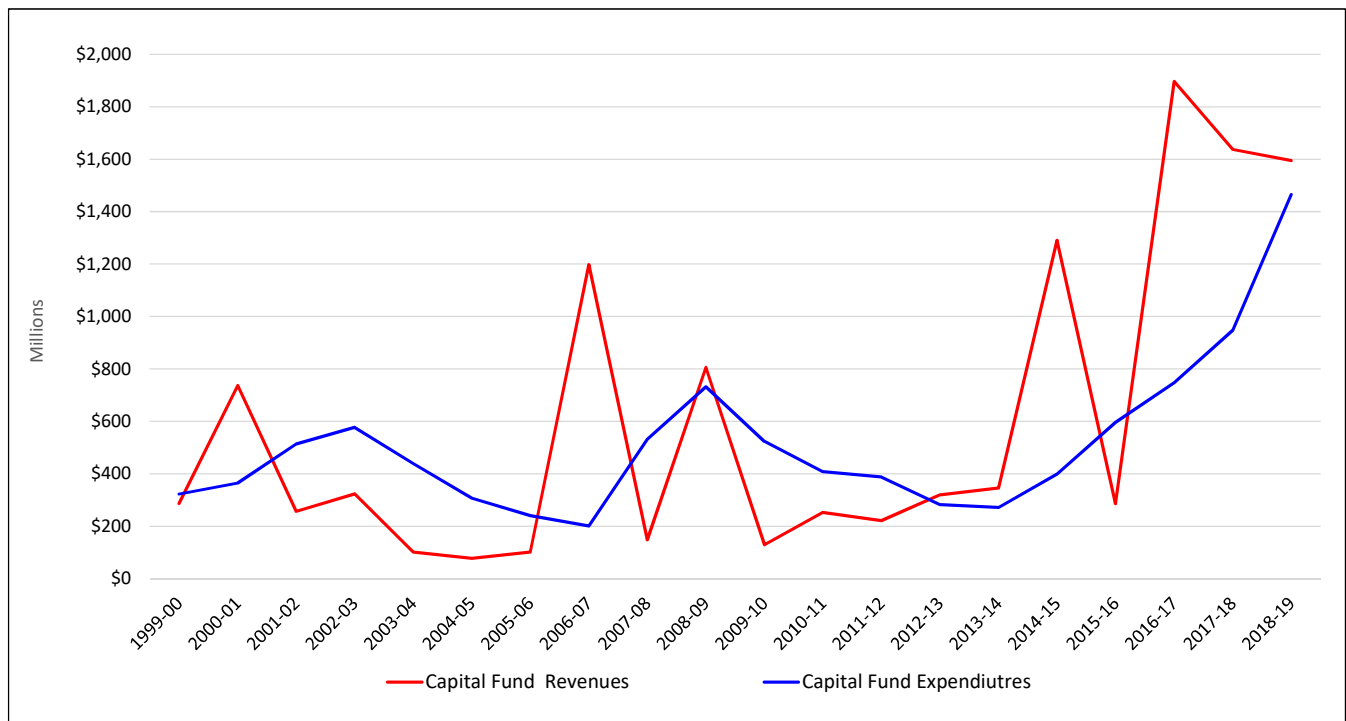
While the state's capital matching program appears to be functioning well and may have contributed to the increase in bond levies passing in recent years, it still contributes a relatively small share of the total capital spending of school districts. From 2016 through 2019, grants from the OSCIM program totaled $246 million, representing just under 5% of the bond levies that districts passed. Because the grant can be up to 100% of the bond levy for some districts, doubling the amount of revenue from a given property tax rate, it can represent a strong incentive for voters to approve levies.

The state should do a thorough review of the program to see if the program has been successful in promoting the passage of capital property tax levies in districts with the greatest need for school facilities investment and to determine if the state should provide more funding for the program. The relatively new school facilities database maintained by the Oregon Department of Education will make this type of analysis possible.

Continuously Improve

Oregon can't dismantle systemic racism and overcome other challenges in education overnight—it will take a prolonged effort and steady progress. We need to improve our systems so they are more self-critical and self-improving, and we must continue to learn and change with students and stay focused on achieving our goals. We are learning the power and importance of the individual equity journey as well. A strategy for system change is to engage the change at the individual level who can then practice that change in their schools, classrooms, organizations, and homes.

The Student Success Act requires on-going community engagement and regular revision of plans to improve outcomes. It also requires building inclusive spaces where there is equity of voice and existing power dynamics are challenged. There are some key elements to effective improvement efforts:

1. Focus on effective processes, not on particular interventions or programs, to make improvement.
2. Districts are the key to effective school level improvement.
   - Districts must support continuous improvement processes at the district and school levels.
   - This requires district/school leadership and effective administration.
   - Districts control allocation of resources to schools, and they should do it in a manner that takes into account the differing needs of each school.
   - This requires districts to acknowledge, measure, and evaluate how needs differ across schools.
3. Change at the school level matters most.
   - Focus more on school-level processes: resource use, measuring the effects of implementation, local participation in decision-making, and the need for facilitation to help make change.
   - Tailor processes to specific circumstances and needs, which will vary by district and school.
   - Pay attention to lived experiences, not just data and practice, to fully understand local circumstances and needs.
   - Provide additional mental health counseling. Our students are going to return to schools even more trauma impacted than prior to the pandemic.

Success Requires a Cooperative and Coordinated Effort

This work—centering equity, innovation, continuous improvement, and collaboration—must continue regardless of our fiscal climate. The added revenue from the Corporate Activities Tax (and other state revenue) will be lower than first projected because the effects of the coronavirus pandemic on Oegon's economy and state revenue. The economy, however, will eventually recover, and state revenue with it. In the meantime, the system improvement work must continue through the implementation of the Student Success Act. While this work may not proceed as quickly as was initially planned, continuing it is essential for laying the groundwork for ongoing improvement efforts.

To bring about this type of fundamental system change, each key stakeholder in the system has an important role to play:

The Governor

As the head of state government, the Governor plays a key role in setting policy direction and in political leadership to get policies and education budget priorities enacted into law. In addition, because the Governor

is also the Superintendent of Public Instruction, she influences the direction of the system by "supervising" the leaders at the Department of Education and the Early Learning Division.

The Governor also can support alignment of efforts and a culture of collaboration across state agencies for the benefit of children and families – e.g., considering how housing developments that are financed and overseen by the state are able to house families with children and promote access to local early childhood services and public schools. An example is the recently started discussion between the Department of Education and the Oregon Health Authority to update their Memorandum of Understanding so it will include far more than just the sharing of data and information. The new Memorandum is intended to create an interagency strategy to improve education attainment and health outcomes. The strategy will establish a structure for outcome-focused collaboration between the two agencies.

The Legislature

The Oregon Legislature is responsible for setting clear goals for our system of education, appropriating adequate resources to achieve those goals, and assuring that the funding formula distributes funding to districts in an equitable manner. The equitable distribution of funding requires a statewide perspective, and must start with a clear statement of what funding equity actually means in practice. The legislature should regularly review the funding formula used to distribute funds to ensure it is consistent with that definition of equity and so it adapts to changing circumstances.

The legislature also can create statewide education initiatives that serve the particular needs of specific student groups: the African American/Black Student Success Plan; the American Indian/Alaskan Native Student Success Plan; the LatinX Student Success Plan; Child Nutrition; Youth Engagement.

 The legislature also should consider how the education system intersects with other state investments that affect children, families, and communities. Because various state agencies serve the very same people, just in different aspects of their lives, it seems clear that a coordinated effort among agencies has the potential to have far more positive impact than each agency working separately. For example, the Department of Human Services and the Department of Education are working together to identify a set of early indicators that are correlated with high school success. These indicators use health, social service, and education data to take into account a much broader set of information than a single agency could by itself.

The legislature can play another important role in promoting system change. Many educators and school finance experts argue that extensive use of funding earmarks can limit local flexibility so much that districts sometimes spend funds on unneeded programs. That undoubtedly is true in some cases, but there may be circumstances where the judicious use of earmarks can promote positive change. By requiring districts to use resources differently than they would otherwise, earmarks may interrupt historical patterns of inequity that persist for various reasons: discrimination or bias, imbalances in local political power, or simply because districts don't question budgeting processes that have been in place a long time (i.e., "this is the way we've always done it").

The Department of Education

The Department of Education continues to transition from a compliance-oriented agency to one that plays an important partnership role in assisting districts in their school-improvement efforts. Districts and schools are asking for guidance on how to best use the added resources from the Student Success Act, and ODE is a key partner in identifying effective practices based on each district's specific circumstances and needs. ODE also can help districts understand how to allocate funding to specific uses (e.g., instruction v. counseling v. special programs) to get the most out of their resources as well as how to allocate resources among individual schools to improve equity when high-need students are concentrated in certain schools.

 ODE can offer expertise and guidance in developing communities of practice, in using implementation science, and in assisting districts in getting the most out of training, technical assistance, professional development, coaching, and other methods they use for improving instruction. The Department of Education should also pursue collecting the data needed to better understand school level systems and processes, which means going beyond just the traditional data required for federal and state reporting.

The Early Learning Division

The Early Learning Division is part of the Oregon Department of Education, but historically its mission has been seen as separate of that of the Department. That is in the process of changing. Increased cooperation between the Early Learning Division and the other offices within ODE is needed if we are to improve the transition for from early learning environments onto kindergarten for Oregon's youngest students. In cooperation with ODE, the Early Learning Division can support regional Hub planning, community engagement, and coordinated enrollment.

The Educator Advancement Council and Teacher Preparation Programs

Based on the extensive work done by the Educators Advancement Council (EAC), looking at research and regional data, we have identified that a key challenge in preparing teachers in the State of Oregon is rooted in the dominant culture, which can perpetuate current practices, many of which are at the root of schools' failure to adequately serve certain students. The Educator Advancement Council can help identify opportunities to promote systems resulting in diversification of the educator workforce across preschool and K-12, understand and dismantle systemic racism and implicit bias, and ultimately create a more equitable system for children. This is what the Educator Advancement Council's effort is all about - identifying root causes and eventually solutions.

The Regional Educator Networks (RENs) are an integral part of implementing these efforts. While most of the RENs have not yet set their targets, the REN Aim Statements related to recruitment/retention of educators of color reflect the approaches the RENs are taking in improving teacher effectiveness:

Northwest Regional REN: By June 2023 we will increase the retention and recruitment of educators in our region, in particular educators of color.

Multnomah-Clackamas REN: By June 2023 we will increase the retention of educators of color in our region.

Western REN: By 2023, the Western Regional Educator Network will advance diversity by increasing the percentage of teachers of color in the region from 9.8% to 14.3% and enhancing teachers' professional supports for meeting students' social/emotional needs as well as creating more inclusive and empowering school cultures.

South Coast to Valley REN: By June 2023, we will increase retention of educators and educators of color in order to help close the gap. By June 2023, we will increase recruitment of educators and educators of color in order to help close the gap.

Eastern Oregon REN: By June 30, 2023, 80% of Eastern Oregon educators will have equitable access to sustained, quality professional learning in order to: recruit and retain high-quality educators; and develop educator capacity to improve student learning.

Central Oregon REN: Increase the recruitment and retention of qualified and certified teachers that reflects the diversity of student populations in the region from ___% to __% annually (based on district baseline data).

Columbia Regional REN: By June 2023, we will retain more novice educators, including novice educators of color, and novice educators will feel supported in their placement.

School Districts

Districts must pay attention to funding equity within districts, making sure that individual schools receive resources based on the relative needs of their students. Allocating resources based on the number of students in each school, without taking into account that students with higher needs require more resources, may prevent the closing of the opportunity and achievement gaps that currently exist. Other important school district roles include:

- Establishing community partnerships and dialog about the unique needs of the schools for the community.
- Cultivating community engagement as an avenue to establish and grow programs that meet the unique needs of each community.
- Promoting staff stability by creating teacher and principal transfer policies that are centered on the needs of students.
- Establishing internal data systems that provide timely and useful student-level information to teachers and other school staff that allows them to serve each student's individual needs.
- Assisting schools in their efforts to create a positive school culture.

Schools

Because teachers and other school staff work the most closely with students, they are in the best position to evaluate the cultural and other differences of their students that influence how best to serve them. Schools must advocate both for flexibility and for resource levels that are appropriate for their particular circumstances.

Schools need resources in proportion to the needs of their students, so they should advocate for a resource distribution system within their district so that the district office takes into account the relative needs of individual schools and provides teachers, support staff, and other resources commensurate with those needs. Schools with higher proportions of low-income students and English language learners, for example, require more resources than a similar-sized school with lower proportions of those students if we are going to reduce the opportunity and achievement gaps that currently exist.

Education Service Districts

Education Service Districts (ESDs) provide school districts with a wide array of educational programs and services, many of which are too costly or limited in demand for a single location. By coordinating a program or service among multiple districts, ESDs are able to reduce costs, provide professional learning opportunities, deliver centralized services, and provide access to large-scale grants.[14]

As a direct provider of services and in their role helping school districts implement their plans under the Student Success Act, ESDs can work with districts to assure that principles of equity underlie both the planning and delivery of the services. For instance, ESDs have begun providing equity training and evaluation supports to measure progress toward performance growth targets and district engagement as identified in the ESD Comprehensive Support Plans. This complements the work ESDs are doing with ODE and the Educator Advancement Council to provide supports for local school districts and educators in the equitable delivery of statewide education initiatives.

ESDs are in a natural position to be connectors and conveners, and they are also poised to promote cross sector collaboration and partnerships. Schools can't do this alone, and ESDS are good at bridging gaps and bringing people and groups together: CBOs, businesses, educational leaders, higher education, early childhood providers and organizations, etc.

As schools begin to plan for the coming 2020-21 school year, ESDs are poised to support their component districts with their reentry plans. Because the adverse impacts of school closures related to the coronavirus pandemic have affected already underserved students the most, it is critical that these reentry plans pay particular attention to those students' needs.

Community Partners

Community organizations and other local partners often provide services that schools don't have the resources or capacity to offer, such as after-school programs, mentoring and coaching, and counseling related to school and non-school issues for both students and their families. These organizations often have information about neighborhood and family circumstances that schools don't have, so they are able to help student in ways the schools can't. Schools should cultivate relationships with these organizations.

Early Learning Hubs, for example, are designed to help cross-sector partners to work together to create local systems that are aligned, coordinated, and family-centered. The Hubs provide the support families need to become healthy, stable, and attached and for their children to receive the early learning experiences they need to thrive.[15]

Organizations such as Better Together Central Oregon convenes and facilitates cross-sector, regional partners to close gaps and increase success in critical student outcomes. The Latino Success Initiative workgroup has used Better Together and the High Desert Education Service District in a backbone role to start and sustain culturally specific strategies and collaboration from cradle to career. Juntos Aprendemos is an example of this.

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14   The services provided by ESDs include curriculum, instructional support and assessment, business operations, transportation, youth employment, printing, public relations, data processing, payroll, fingerprinting, network support, statewide computer networks, traffic safety education, construction management, preschool programs, homeless transportation, paraeducator training, and special education.

15   https://oregonearlylearning.com/administration/what-are-hubs/

These organizations and others like them around the state play an important role in serving students and families in ways that our schools cannot do on their own. The state and local school districts should support and promote these organizations, perhaps even by providing direct grant funding to organizations that demonstrate a commitment to serving children and families in their communities.

Equity in Action: The Student Success Act

With the passage of the Student Success Act by the 2019 Legislature, Oregon made an historic commitment to our children, our educators, our schools, and our state. The Act appropriates considerable new revenue to early education programs and K-12 schools. It also provides guidelines for implementation that are designed to create long-term school improvement strategies for all of Oregon's school districts and early education programs. The key provisions of the Act are summarized here. More detailed information can be found on the Oregon Department of Education's website here.

A key element of the Student Success Act is its commitment to improving equity in student outcomes by increasing access and opportunities for historically underserved students. That commitment shows up both in the allocation of added funding specifically for underserved groups and in requirements for community participation in the development of school distinct plans for school improvement.

> *"The Student Success Act marks a turning point for education in Oregon. We can finally invest in an education system that will ensure every single student in our state is on a path to realizing their dreams for the future. What we have come together to do over the past few months will be felt by students, teachers and schools for years to come."*
> **Governor Kate Brown, July 1, 2019**

When fully implemented, the Student Success Act will add an estimated $1 billion in revenue each year from the new Corporate Activities Tax to early learning and K-12 education. That includes more than $200 million to the State School Fund, with the remaining funds distributed into three accounts: the Student Investment Account, the Statewide Education Initiatives Account, and the Early Learning Account. Because of the economic crisis caused by the coronavirus pandemic, the state revenue required to fully-fund the Student Success Act is unlikely to come in as soon as the 2021-23 biennium, as initially projected. The funding numbers below reflect projections made prior to the economic downturn. [16]

State School Fund

Under the Student Success Act, the State School Fund receives $200 million for general purpose grants, $20 million for the High Cost Disabilities Fund, and additional funding for revenue reconciliation.

Student Investment Account

The Student Investment Account (SIA) is a non-competitive grant program for school districts and eligible charter schools to support academic achievement, reduce academic disparities, and meet students' mental and behavioral health needs. For the 2019-21 biennium, the Department initially expected to allocate an estimated $472 million in SIA grants to school districts and eligible charter schools using a per-student funding formula, double weighted for poverty. (With the reduced state revenue due to the economic downturn, currently is uncertain how what the actual amount will be). The SIA grants are for two purposes:

1. Meeting students' mental or behavioral health needs; and

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16   More detail on the funding provisions of the Student Success Act, summarized in this section, can be found in House Bill 3427:The Student Success Act Progress Report on Implementation, Oregon Department of Education, February 2020 https://www.oregon.gov/ode/StudentSuccess/Documents/Student%20Success%20Act%20–%202020%20Progress%20Report.pdf

2. Improving academic outcomes and reducing academic disparities for students of color, students with disabilities, emerging bilingual students, and students navigating poverty, houselessness, and foster care.

Districts must use the SIA funds based on needs identified through:

- Focused community and student engagement;

- Alignment to the district continuous improvement plan;

- Relevant data; and

- Consideration of the recommendations of the state's Quality Education Model Report.

All eligible applicants have access to technical assistance (TA), which may be provided by the Department of Education staff, regional supports coordinated between ESDs and the Department, or through external contractors. The long-term vision for technical assistance provided by the Department will be responsive to the needs of districts and designed and deployed to support systems improvement.

Statewide Initiatives Investment Account

The Statewide Initiatives Investment Account provides funding to the Department of Education for grants to school districts and for initiatives of the Department.

High School Success (Measure 98)

High School Success is a non-competitive grant program for school districts and other eligible education providers to support career and technical education (CTE), college-level opportunities, and dropout prevention strategies. The grant is allocated using a per high-school student formula. The Student Success Act adds $133 million in the 2019-21 biennium to the existing High School Success grant program to further expand these programs in high schools.

African American/Black Student Success Plan Expansion

In 2015, the legislature created the African American/Black Student (AA/BS) Success Plan (House Bill 2016) and a grant program to fund the strategies outlined in the plan. The Plan is intended to reduce the opportunity and achievement gaps for historically underserved students and to provide a mechanism that helps districts share results and innovative practices with other school districts.

Increased Transparency and Accountability in the Public Education System

School districts and ESDs currently follow national standards, federal requirements, state law, and local policy for financial accountability and transparency practices. In February 2019, the Department released the report, "Gubernatorial Convening on School District Fiscal Management and Transparency" (February 2019) that identified potential gaps in the current system and offered recommendations for improvements

Grant Management System

Currently, the Department relies on its Electronic Grants Management System (EGMS) to track, report and disburse funding. This system has an aging platform and lacks the full functionality that the Department needs to efficiently and effectively manage the volume of grants within its portfolio.

School Breakfast and Lunch Programs Expansion

School meals are currently funded through a combination of federal funds, state funds, and family payments. Approximately 23 percent of Oregon students participate in school breakfast and 46 percent in school lunch. School districts and other providers are reimbursed for school meals based on the number of meals served.

Statewide Youth Reengagement System

Services and programs designed to serve youth ages 14-21 who left high school prior to graduation and completion – collectively known as Reengagement – will be supported through the creation of a statewide Youth Reengagement System, to be developed and administered by the Youth Development Division (YDD).

Statewide School Safety and Prevention System

The Student Success Act creates a statewide school safety and prevention system, with a four-pronged approach to strengthen safety in Oregon schools. This model focuses on the primary drivers of safety concerns to students: bullying, harassment, physical violence and suicide. The Department will allocate an estimated $1.7 million in grants and contracts for regionalized services to support this system in the 2019-21 biennium.

American Indian/Alaska Native Student Success Plan Expansion

Over 30 years ago, the Oregon American Indian/Alaska Native Education State Plan was approved by educators within American Indian and Alaska Native communities, members of the State Board of Education, and the Oregon Department of Education. In 2015, the plan was revised and now includes 11 state educational objectives with accompanying strategies and measurable outcomes.

LatinX Student Success Plan

The Student Success Act creates a statewide student success plan for students who are Latino or Hispanic, including individuals of Mexican, Cuban, Puerto Rican, South American, Central American or Spanish descent and who have experienced disproportionate results in education due to historical practices. It also creates a grant program to fund the strategies outlined in the plan. House Bill 5047, the budget bill for the Student Success Act, appropriated $1 million in grant funding for the 2019-21 biennium.

Summer Programs for Title I Schools

The Summer Program for Title I Schools is a non-competitive grant program, with the goal of providing summer opportunities to improve student academic outcomes. The Department will allocate $3 million through a per student formula to eligible Title I schools in the 2019-21 biennium.

Early Indicator and Intervention Systems

The Student Success Act provides non-competitive grants to assist school districts and charter schools in implementing Early Indicator and Intervention Systems (EIIS). These systems are used by many districts and some states across the nation to identify students who are not on track to graduate so they can get the needed supports to get back on track.

Educator Professional Development

The Student Success Act requires the Department and the Educator Advancement Council (EAC), in consultation with the Teacher Standards and Practices Commission, the Higher Education Coordinating Commission and representatives of school districts and other education stakeholders to develop a plan to provide an effective combination of programs and initiatives for the professional development of educators from

kindergarten through grade 12. The plan shall be based on consideration of increasing: educator retention, educator diversity, mentoring and coaching of educators, participation in educator preparation programs, and educator scholarships.

An Education Plan Identified by the Department

Section 25 Legislative Considerations: Section 25 (1) (e) permits the Department of Education to identify additional student groups for statewide equity plans. At this time, the Department is considering identifying the LGBTQ2+ student group for a possible statewide success plan.

The Early Learning Account

Early Intervention/Early Childhood Special Education (EI/ECSE)

The Oregon Department of Education contracts with local agencies to provide a statewide system of free services for young children with developmental delays and disabilities and their families, including: Early Intervention (EI) -- Individually designed services for children birth to three and support for parents to enhance children's physical, cognitive, communication, social emotional and/or adaptive development; and Early Childhood Special Education (ECSE) -- Specially designed instruction for children ages three to the age of public school eligibility in the areas of communication, cognitive, social/emotional, adaptive and others.

Early Learning Professional Learning and Work Force Development

The Early Learning Professional Learning investment will provide funding for preparation and ongoing development of the Birth-to-Five workforce. The Early Learning Division's proposal to the legislature for this funding includes scholarships, competency-based training and the development of new pathways and supports (e.g., apprenticeships) for the early learning workforce.

Early Childhood Equity Fund

The Early Childhood Equity Fund will provide annual grants to support a broad range of culturally specific early learning, early childhood and parent support programs, including parenting education, parent-child interactions, kindergarten transition, and tribal language

preservation. The fund aims to close opportunity gaps for children and families who experience systemic disparities because of any combination of factors, such as race, income, zip code or language through funding early learning services rooted in culture, home language and lived experience.

Relief Nurseries

Relief Nurseries serve families with children aged 0-6 who are most at risk of abuse and neglect. They provide high-risk families with the intensive support they need for their children to grow up safe, healthy and ready for school. Classrooms are designed to be therapeutic environments, with low child/adult ratios. Families receive home visits and parenting education, among other opportunities.

Preschool Promise

The Preschool Promise Program is a high-quality, publicly-funded preschool program that serves children ages 3-4 in families living at or below 200 percent of the Federal Poverty Level, children in foster care and children from other historically underserved populations. Preschool Promise incorporates a mixed delivery approach to provide families the opportunity to find a type of care that best meets their needs. The Preschool Promise program is currently undergoing an expansion to serve approximately 3,800 children across the state.

Oregon Pre-kindergarten

Modeled after the Head Start program, Oregon Prekindergarten is a program that provides comprehensive health, education and social services to children prenatally through five years of age. The program promotes high-quality early learning opportunities for lowest income and highest need children, and supports children's growth and development prior to entry into kindergarten.

Healthy Families Oregon

The Healthy Families Oregon investment will increase capacity for local programs to provide Healthy Families evidence-based voluntary intensive home visiting services to more prenatal families and families with newborns. Healthy Families Oregon enhances family functioning and promotes positive parent-child relationships.

Parenting Education

The Parenting Education investment will provide funding to support the establishment, expansion and sustainability of community-based parenting education programs to deliver evidence-based, culturally-specific parenting education programs for families of young children from birth to age five. The Early Learning Division will leverage the Oregon Parenting Education Collaborative, an established statewide infrastructure, to expand access.

Impact of the Economic and Revenue Downturn on Student Success Act Implementation

The economic downturn from the coronavirus pandemic means lower state revenue over the next few years than was initially projected from both the Personal Income Tax and the new Corporate Activities Tax. While there is still a great deal of uncertainty about how much revenue will be available in the 2021-23 biennium for education, it is clear that it will be less than the pre-pandemic projections. This means that ODE, school districts, and early learning providers will need to adapt to the new funding situation as they implement the provisions of the Student Success Act.

The school improvement planning process that ODE, school districts, and early learning providers have already begun represents the "infrastructure" on which the long-term system improvements will be built, so the work done so far must be preserved and continued despite the uncertainty about funding. With funding coming in lower than initially expected, ODE, districts, and early learning providers may need to make spending cuts compared to their original plans. In doing so, they should prioritize preserving the parts of their plans that contribute most to long-term system change. In other words, take a systems approach so that they do not make short-term decisions that diminish their ability to meet long-term goals.

At the same time, even more challenging than the lower revenue is responding to the loss in learning time that students are suffering because of the closure of schools. This loss of time in school will likely have the biggest adverse impact on students who already are being underserved by the system. Oregon's commitment to improving the equity of the system dictates that particular attention be given to those students when schools open again.

The Environment for Public Education in Oregon

Oregon schools continue to improve but still face a number of challenges, including persistent opportunity and achievement gaps among student groups, and high and increasing pension, health insurance, and other costs that are largely outside school districts' control. In addition, the economic and revenue crisis resulting from the coronavirus pandemic means schools will continue to face a funding shortfall. This section provides a brief description of the current environment of K-12 education in Oregon, providing important context for the sections that follow.

Student Enrollment

K-12 enrollment grew an average of 0.5 percent per year, from 474,008 in 1975-76 to 582,662 in 2019-20 (Exhibit 12). The growth has been relatively steady with the exception of a dramatic decline in the economic recession years of the mid 1970s and early 1980s and smaller declines in the recessions in the early and late 2000s. The enrollment declines tended to lag the recession by 2 to 3 years. Growth resumed in 2012-13 and returned its long-term trend of 0.5 percent over the past 8 years.

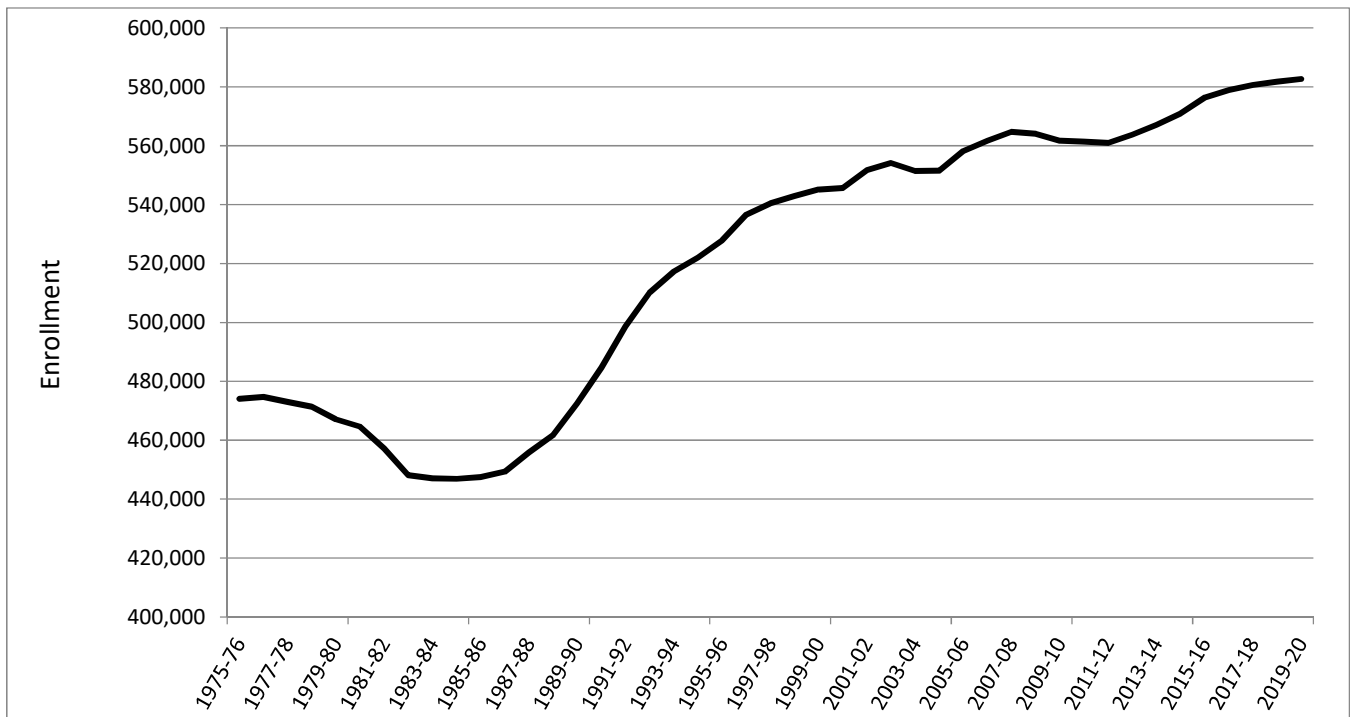**EXHIBIT 12:** **Public School K-12 Enrollment by Year**

Exhibit 13 shows that the most rapid growth in enrollment has been among Hispanic students, with their share rising from 2 percent to 24 percent. The White share has declined from 94 percent to 61 percent over the 44-year period. The Multi-Ethnic category, first used in 2004-05, has grown to almost 7 percent of the total.

EXHIBIT 13: Enrollment by Race/Ethnicity
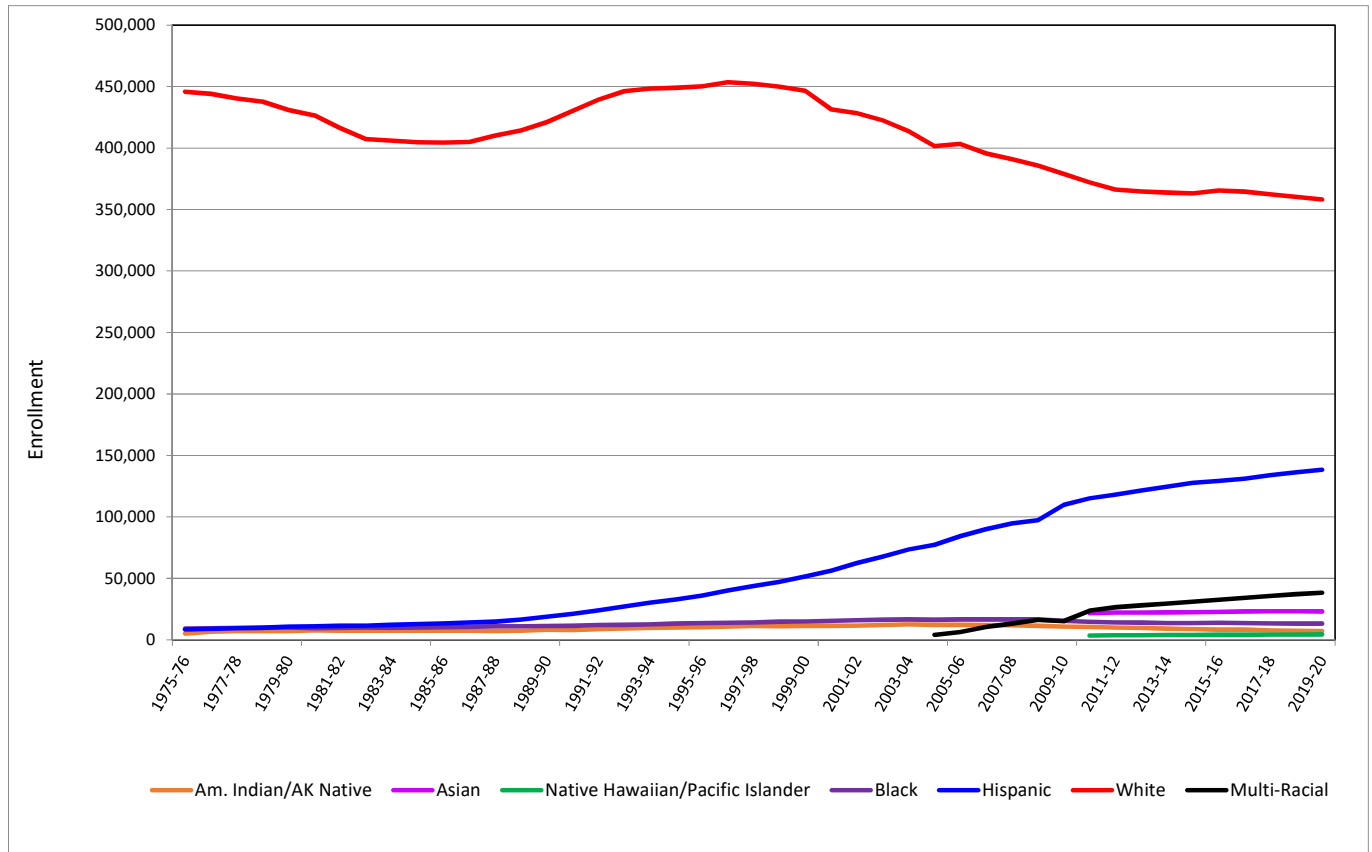
Despite this relatively steady growth in Oregon's public school enrollment, enrollment has declined as a share of the state's population. Exhibit 14 shows the share fell from over 20 percent in 1975 to under 14 percent in 2019. This reflects an aging population in the state. Census data for Oregon, which follows the population aged 5 to 24, shows the same pattern, with that population declining from 35 percent of the total in 1975 to 24 percent of the total in 2019. The Census Bureau projects this trend to continue until about the year 2035, when it will level off.

EXHIBIT 14: Public K-12 Enrollment as a Share of Population
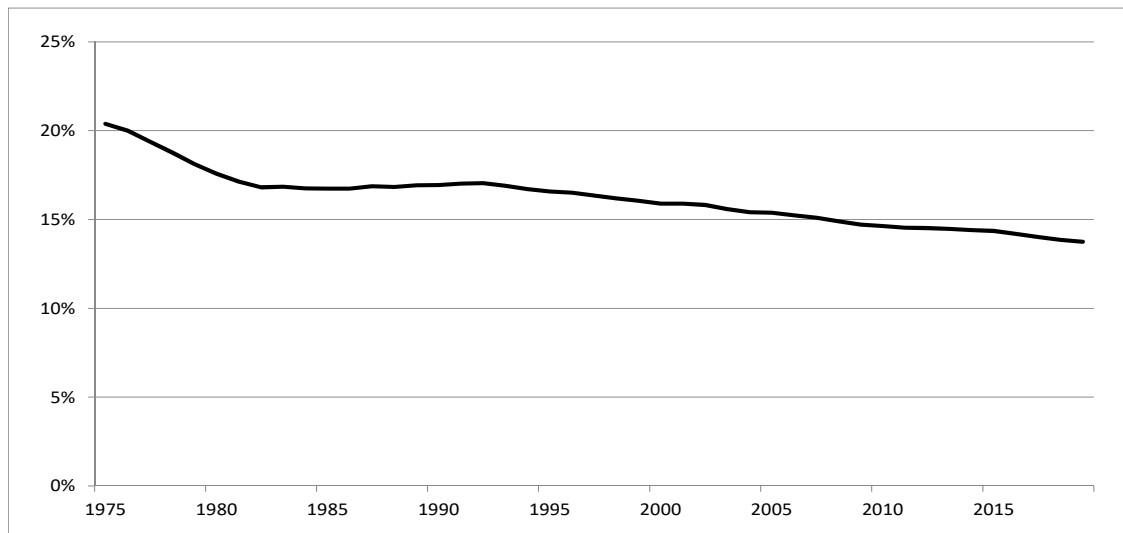
Teachers

The number of teachers in Oregon has grown over the years as enrollment has increased, with the number of teachers growing slightly more than enrollment since 1975-76. The pattern of growth, however, has been considerably different. With the exception of the late 1970s, enrollment growth has been fairly steady. Teacher growth, however, has been volatile (Exhibit 15), more closely following trends in funding than trends in enrollment. The number of teachers fell in the recessions of the early 1980s, 1990s, and 2000s as well as the much longer recession starting in 2007-08. Because enrollment continued to grow through most of this period, the student/teacher ratio rose substantially and was volatile as well, as shown in Exhibit 16. With improved funding starting in the 2013-15 biennium, districts have been able to start adding back teachers, but much of that hiring was for the increased need for kindergarten teachers as Oregon started funding full-day kindergarten starting in the 2015-16 school year. With the decline in state revenue resulting from the coronavirus pandemic, it is likely that the number of teachers will fall again in the near future, perhaps starting in the coming 2020-21 school year.

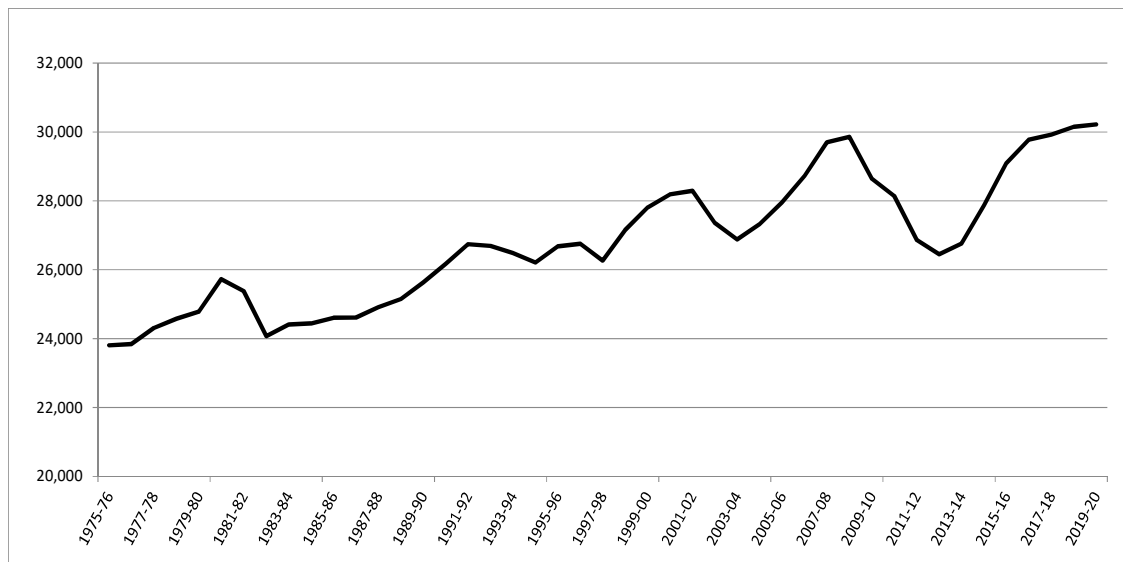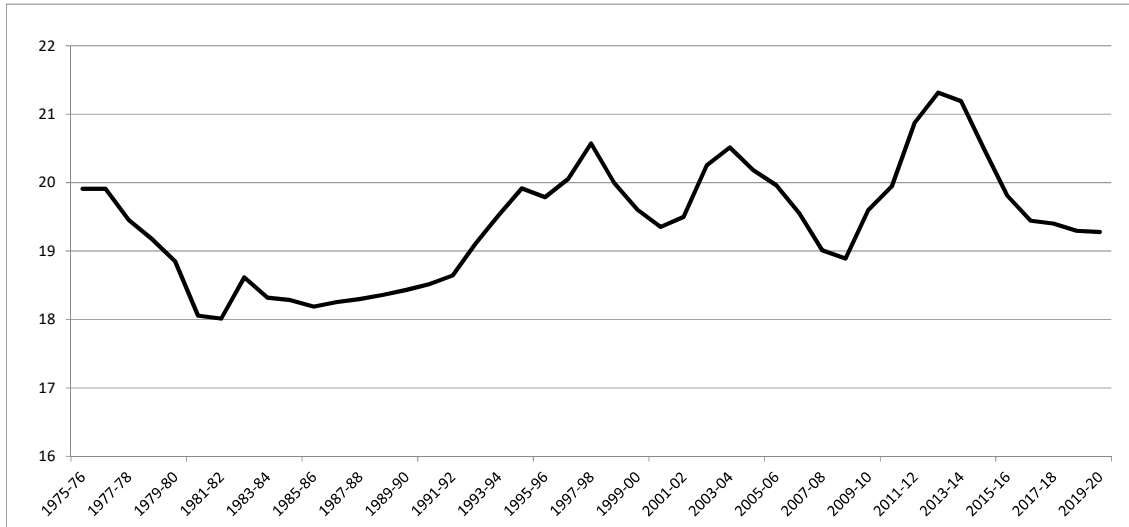**EXHIBIT 15: Teacher Full-Time Equivalent Positions**

EXHIBIT 16: Student/Teacher Ratio

In Oregon schools that have high percentages of students of color, teachers rarely look like the students they serve. Exhibit 17 shows that Oregon has a long way to go to bring the share of teachers of color up to the same share as for students of color.

**EXHIBIT 17:** Share of Students of Color and Teachers of Color
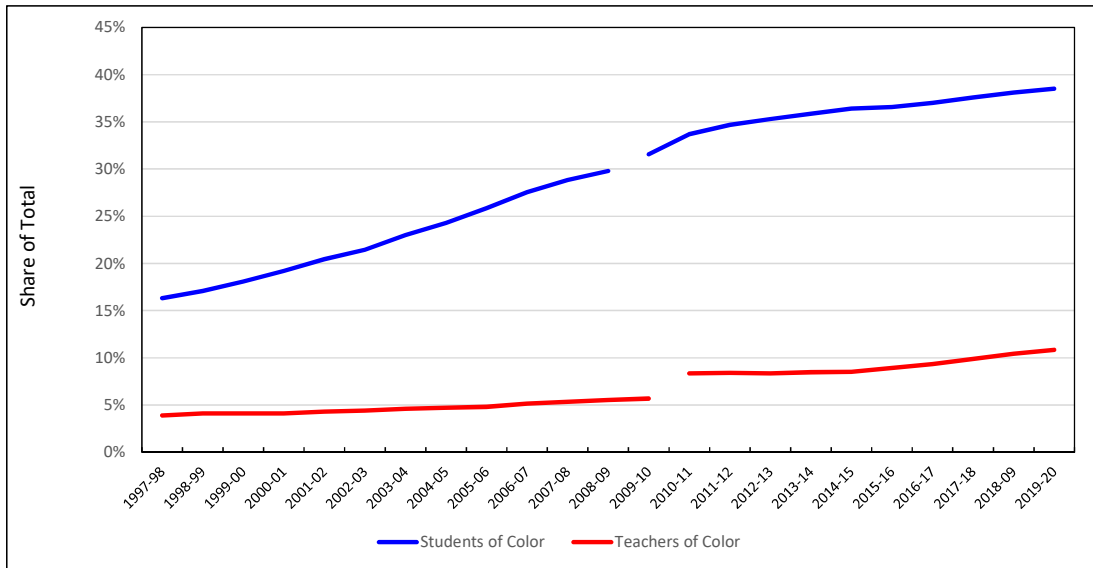
Note: The break in the data in 2009-10 for students and 2010-11 for teachers resulted from the elimination of the "Unknown" category in race/ethnicity reporting. In those years, there was an increase in the share reported in the Multi-Racial category.

The distribution of teacher experience has changed substantially over the past three decades, with far more teachers being less experienced than in the past, as shown in Exhibit 18. Part of this shift is due to the retirement of large numbers of highly experienced teachers, but part is also the result of hiring new, young teachers to replace those who were laid off during the recent recession, when funding declined, and to hire additional kindergarten teachers as kindergarten went from half-day to full-day in the 2015-16 school year.

The hiring of large numbers of new teachers represents an opportunity to further the equity goals in Oregon schools. Among the goals of the Regional Educator Networks (RENs) is to recruit and retain more educators of color so that more of our students have teachers who look like them. More new teachers also offers the opportunity for early career training in equitable and culturally responsive classroom practices.

EXHIBIT 18: Distribution of Teacher Years of Experience
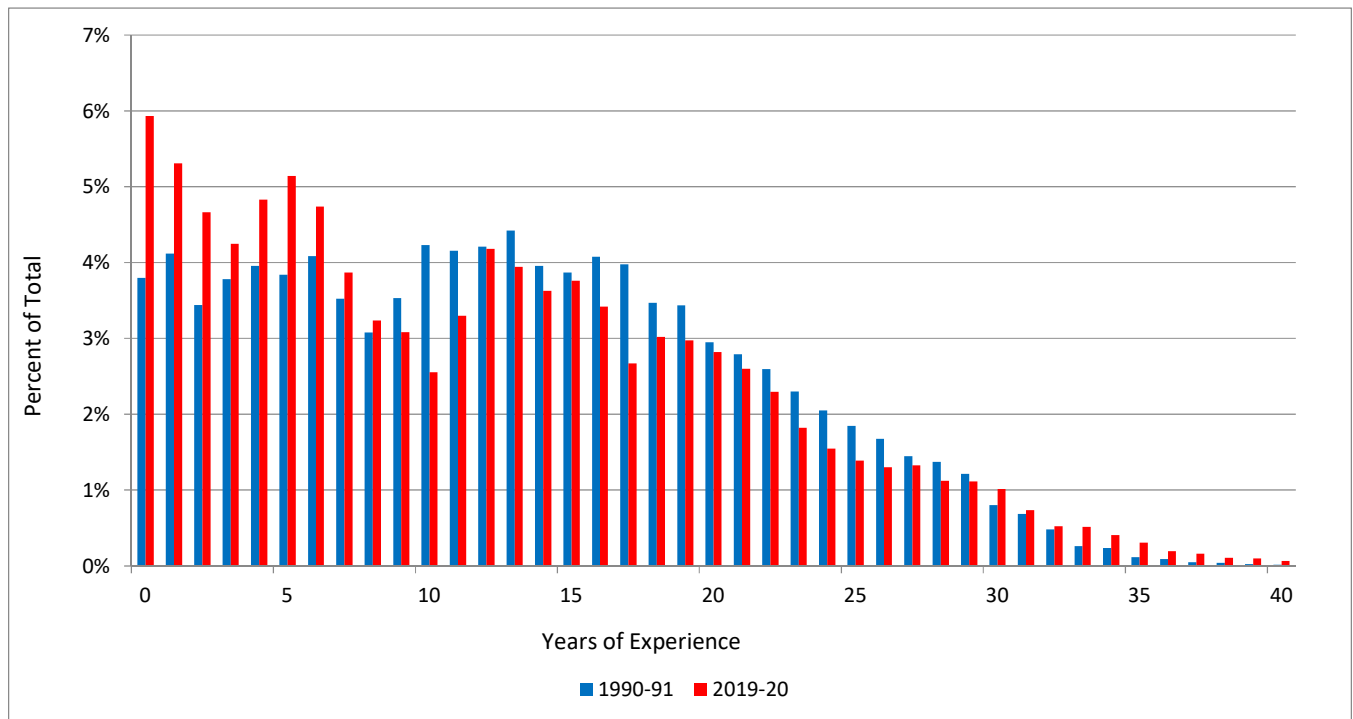
Both in times of teacher hiring and teacher layoffs, many Oregon districts have difficulty finding qualified teachers in certain subjects and in certain geographic areas of the state. An analysis by the Oregon Department of Education found that there are shortages in math (particularly advanced math), science, Spanish, special education, and physical education.[17] The analysis also found that school districts in rural counties have more difficulty than urban and suburban districts in hiring and retaining qualified teachers.

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17 Kelly Lovett, <u>Understanding and identifying teacher shortage areas in Oregon</u>, Oregon Department of Education Research Brief, July, 2016 https://www.oregon.gov/ode/reports-and-data/researchbriefs/Documents/Internal/researchteacher-shortage-final-report.pdf

Funding

Operating revenues per student grew an average of 3.4 percent per year from 1990-91 to 2018-19. Operating revenues per <u>weighted</u> student grew more slowly—an average of 3.0 percent per year—because the number of student weights grew faster than the number of students. This faster growth in student weights resulted primarily from increases in English language learners and students in poverty, both of which receive extra weights in Oregon's school funding formula.
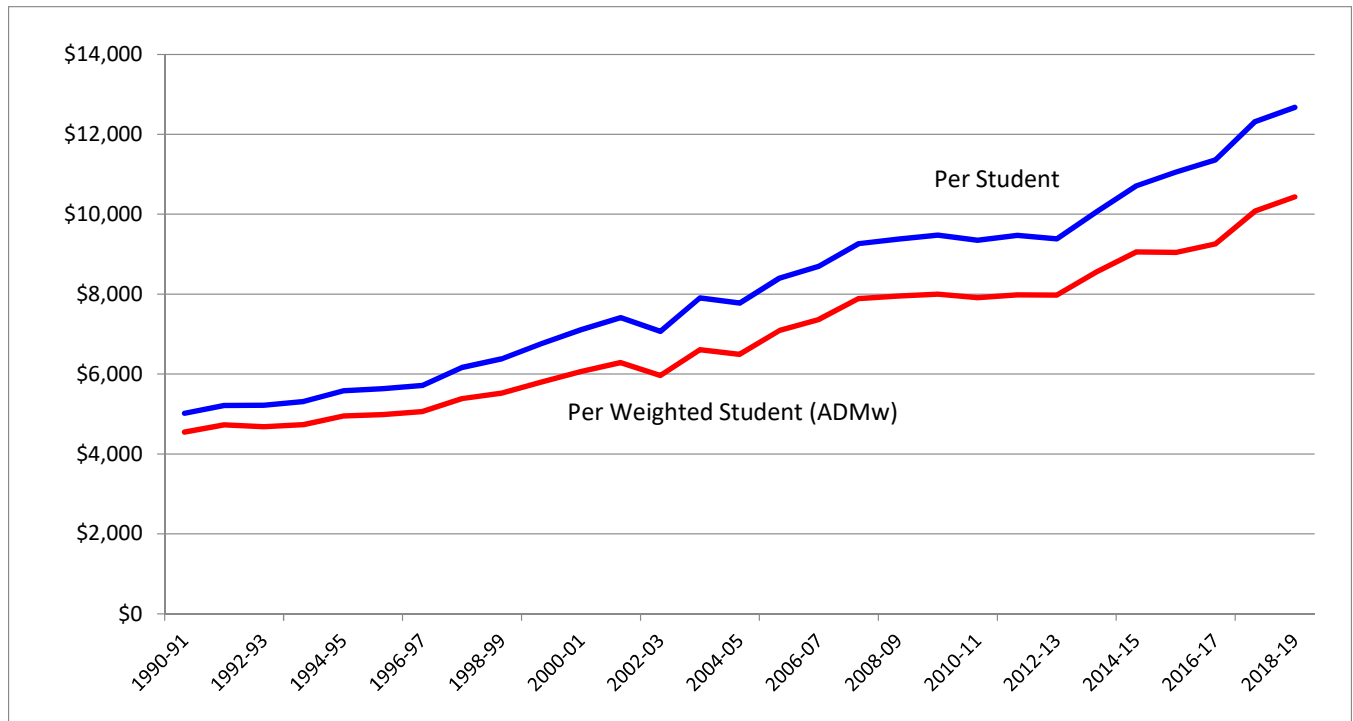
Because of a relatively large rainy day fund in place prior to the recession starting in 2007, Oregon was able to avoid actual declines in per-student funding until 2010-11, when funding per student fell by 1.4 percent (see Exhibit 19). In 2013-14 the improving economy and higher revenue allowed the legislature to increase

state funding for education substantially, leading to per-student increase of 7.1 percent and then 6.5 percent in 2014-15. Per-student revenue growth continued in 2015-16 and 2016-17 and then jumped up by 8.5% in 2017-18 when Oregon's legislature increased the appropriation for the State School Fund substantially.

With increasing revenue over this period, school districts have been able to hire back all of the teachers lost during the recession, reaching 30,220 FTE in 2019-20, slightly higher than the 29,858 FTE in 2008-09. With growth in enrollment during that period, however, Oregon's teacher student ratio, at 19.3 students per teacher, is still among the highest in the country.[18] With the current economic crisis and declining revenue caused by the coronavirus pandemic, however, revenue growth is likely to slow again.

EXHIBIT 19: **Operating Revenues per Student and per Weighted Student**

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18   National Education Association, Rankings of the States 2017 and Estimates of School Statistics 2018, April 2018.

When adjusted for inflation, however, Oregon has had very little increase in per-student funding since 1990-91, as shown in Exhibit 20. Funding per student declined steadily in the 1990s with the passage of Oregon's two property tax limitations, then rose again in the early 2000s as a result of economic and revenue growth. Funding has been volatile since then because of recessions in the mid and late 2000s, with weak economic and revenue growth continuing for nearly a decade since the financial crisis began in 2007. As the graph shows, inflation-adjusted funding per weighted student is still lower than it was in 1990-91.

EXHIBIT 20: Inflation-Adjusted Operating Revenues per Student and per Weighted Student
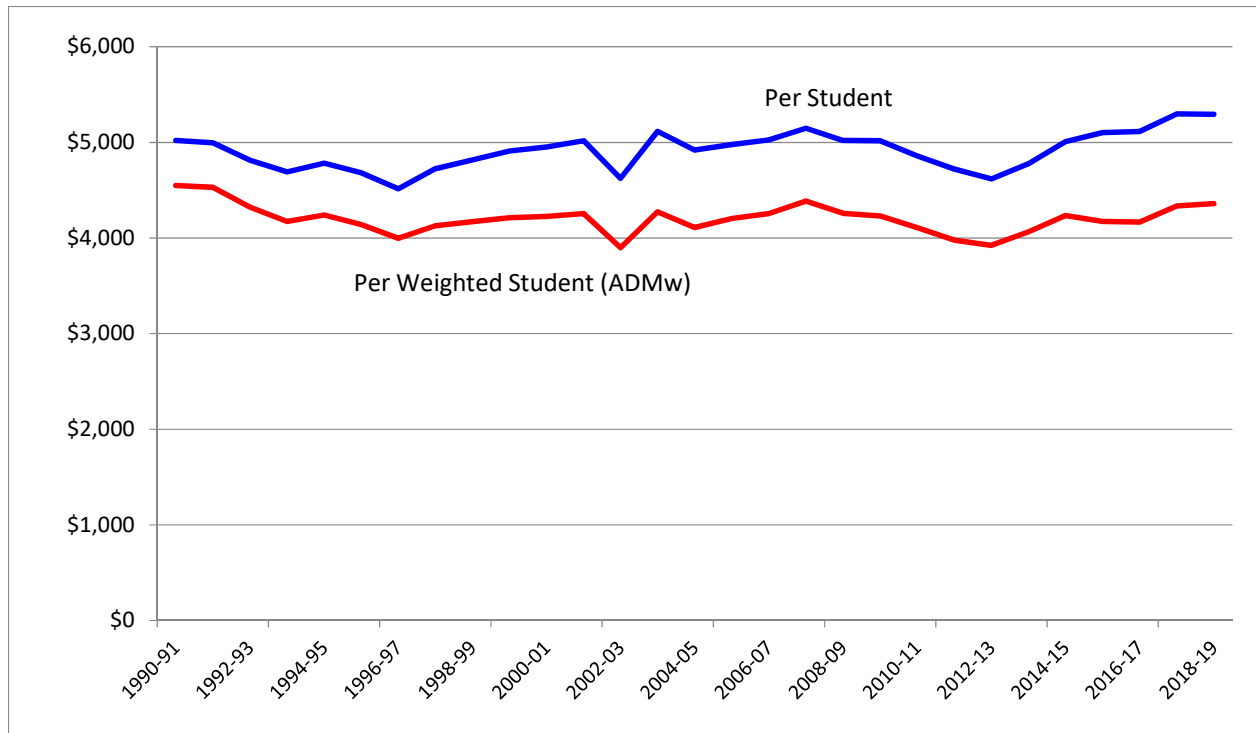
Over roughly this same period, Oregon has fallen from the 15th highest funded state in the U.S. to the 30th highest. Exhibits 21 and 22 show this change. The decline in Oregon's rank resulted from slow growth in funding due primarily to the two property tax limitations that Oregon voters passed in the 1990s and to a long-term decline, starting in the early 1980s, in the share of General Fund revenues coming from the corporate income tax. Oregon had the eighth lowest growth in spending per pupil in the U.S. over the 1990-91 to 2016-17 period (Exhibit 23).[19]

With the funding expected from the Corporate Activities Tax prior to the economic crisis caused by the coronavirus pandemic, Oregon's national rank in funding per student would have risen substantially, to roughly 20th highest in the nation. As economic activity and tax revenues recover, Oregon's ranking should climb as added funding for schools becomes available.

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19   2016-17 is the most current data available for all states from the U.S. Department of Education's National Center for Education Statistics.

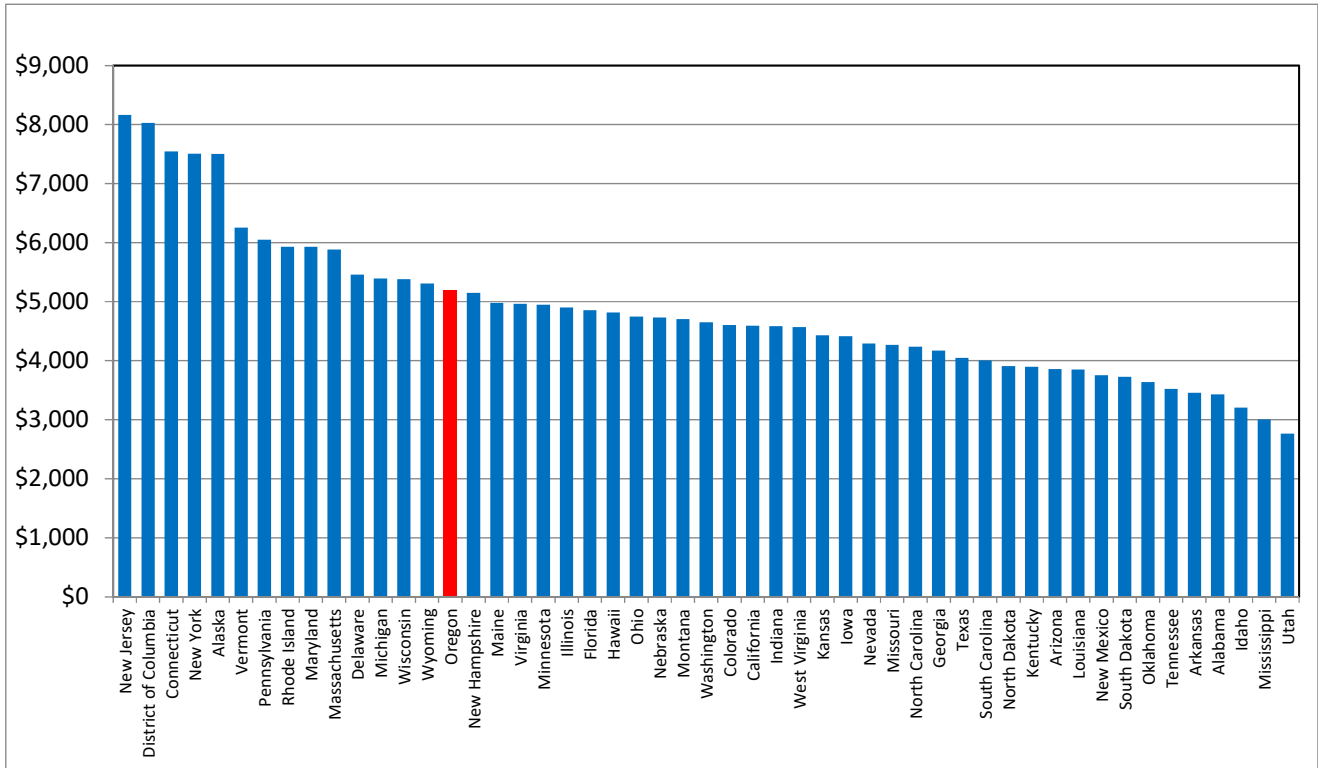**EXHIBIT 21: Per Pupil Expenditures by State, 1990-91**

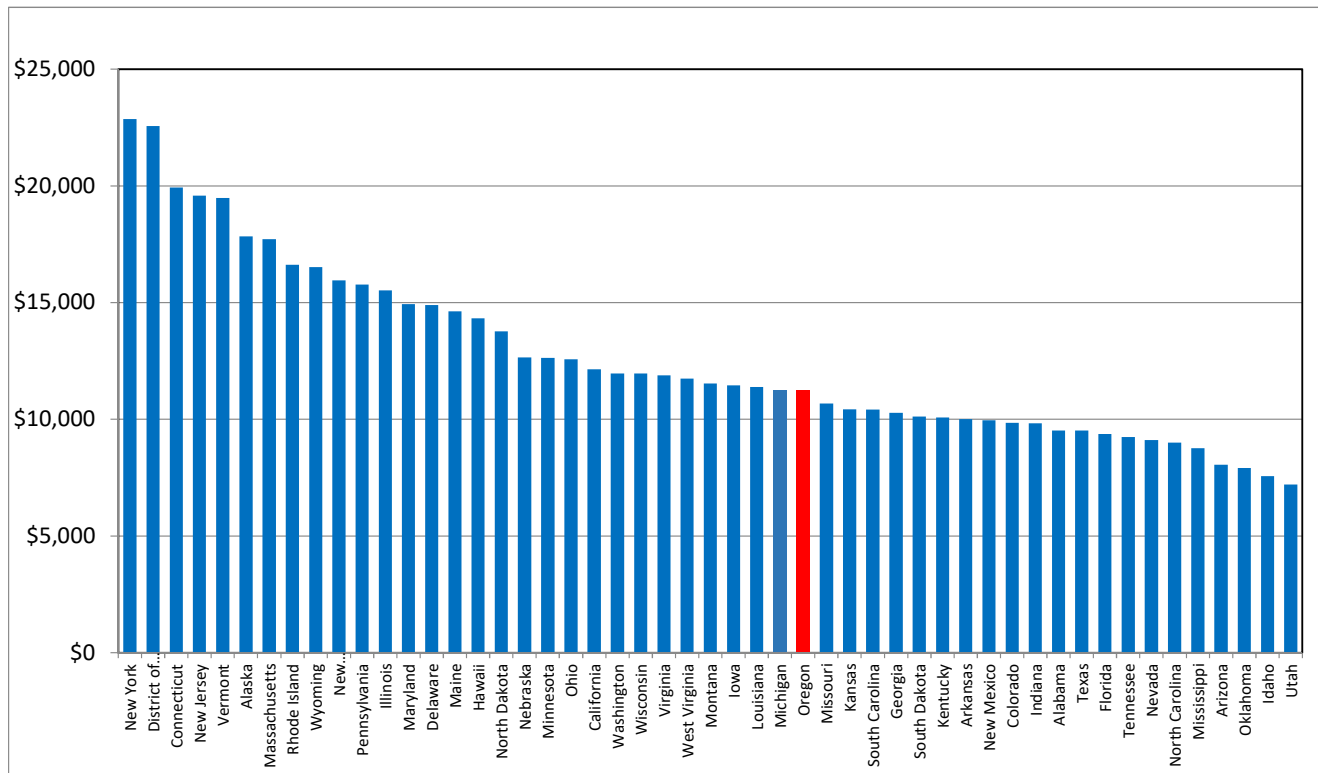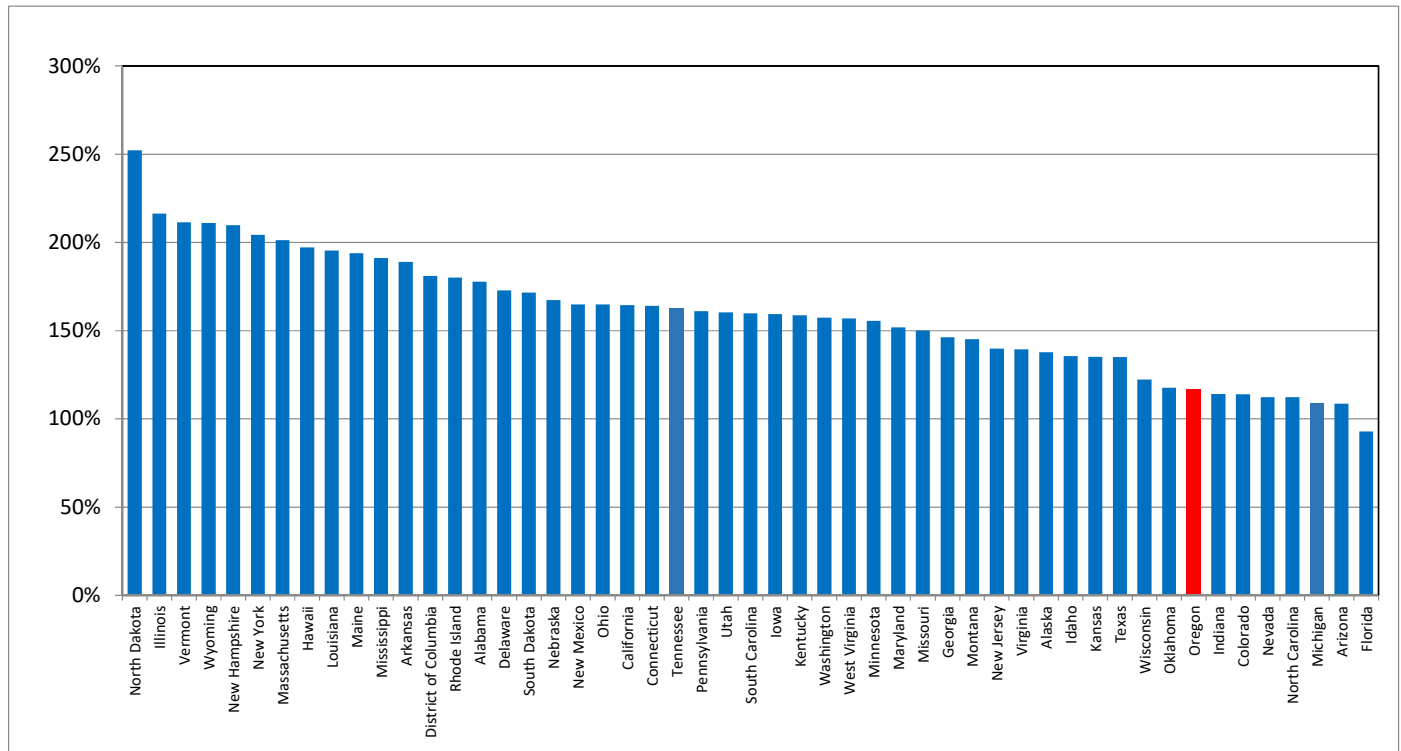**EXHIBIT 22: Per Pupil Expenditures by State, 2016-17**

EXHIBIT 23: **Percent Change in per Pupil Expenditures by State 1990-91 to 2016-17**


Oregon school districts continue to face high retirement system payments to the Public Employees Retirement System (PERS). In the 2019-21 biennium the PERS employer contribution rate was set at 28.93 percent, more than double the rates of the 1980s and 1990s. The contribution rate was originally projected to be 24.19 percent in the 2021-23, but poor investment earnings due to the 2020 economic downturn may require that rate to be revised.

Standardized Test Scores

Oregon adopted the assessments developed by the Smarter Balanced Assessment Consortium (SBAC) starting in the 2014-15 school year. For both Math and Reading, the SBAC assessments and the score needed to meet the adopted standard are quite different than the assessments Oregon used in the past (the Oregon Assessment of Knowledge and Skills, or "OAKS"), so results from the two different assessment systems are not comparable. For that reason, below we present the five years of SBAC assessments results that are currently available, with no comparisons to the OAKS results from prior years.

Exhibits 24 and 25 show that there is little or no consistent pattern in the first five years of SBAC results. For Math, there is a decline in the percent of students meeting or exceeding standards from 3rd grade through 6th grade, increasing in the 7th and 8th grades, and then falling fairly dramatically in high school. Looking over the years, the pattern is an increase in the percent meeting or exceeding standards in some grades, a decline in others, and up then back down in others.

EXHIBIT 24: **Math Percent of Students Meeting or Exceeding Standard**
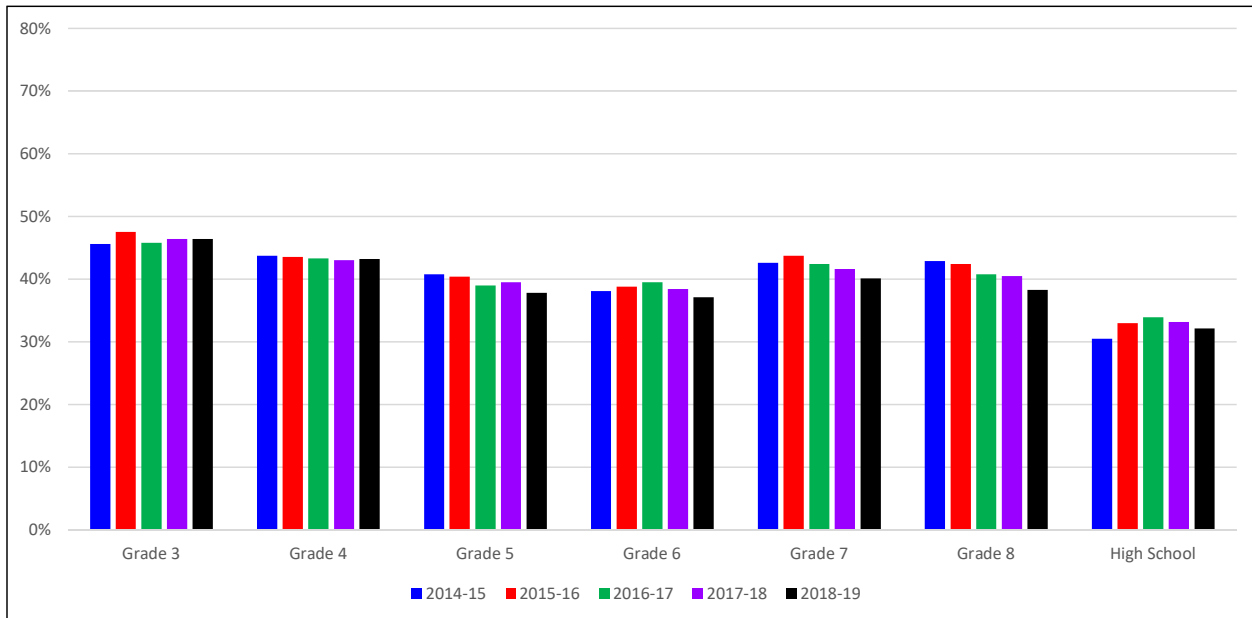
For Reading the trend is more consistently rising percentages of students meeting or exceeding standards as they move through the grades (with the exception of 6th grade), with a relatively large jump in high school. As with Math, over time the pattern is an increase in the percent meeting or exceeding standards in some grades, a decline in others, and up then back down in others. A point of concern is that in most grades, scores declined in 2018-19, particularly in the later grades.

EXHIBIT 25: **Reading Percent of Students Meeting or Exceeding Standard**
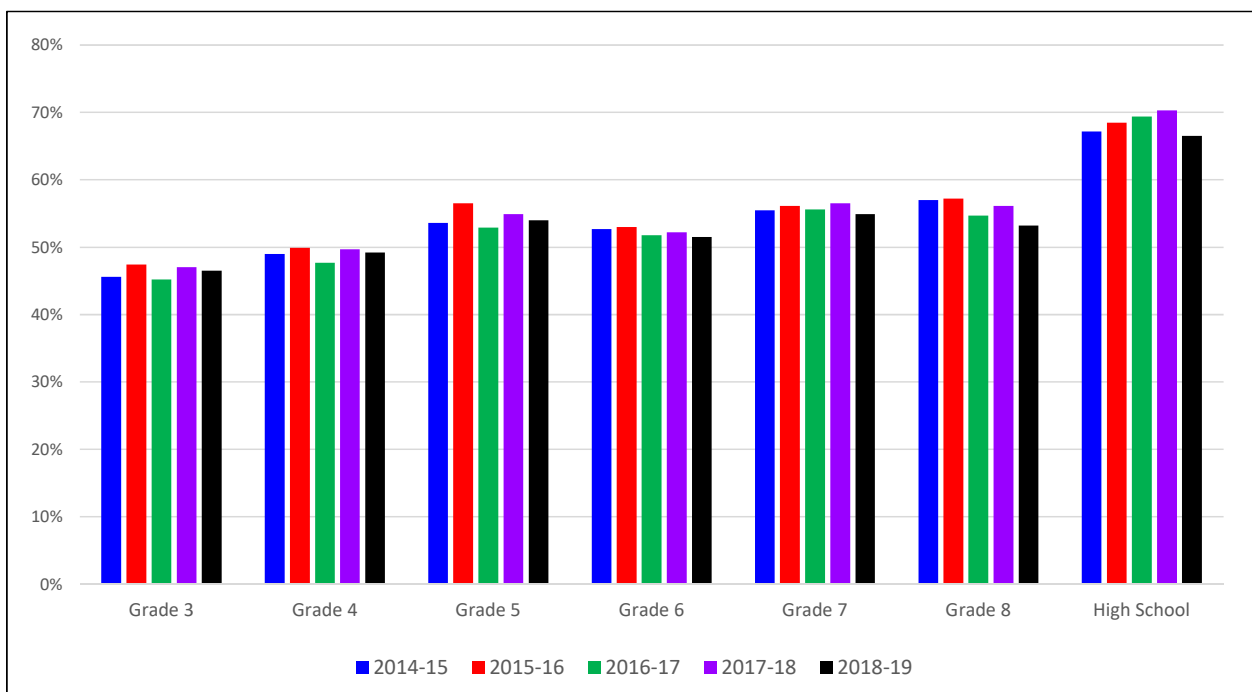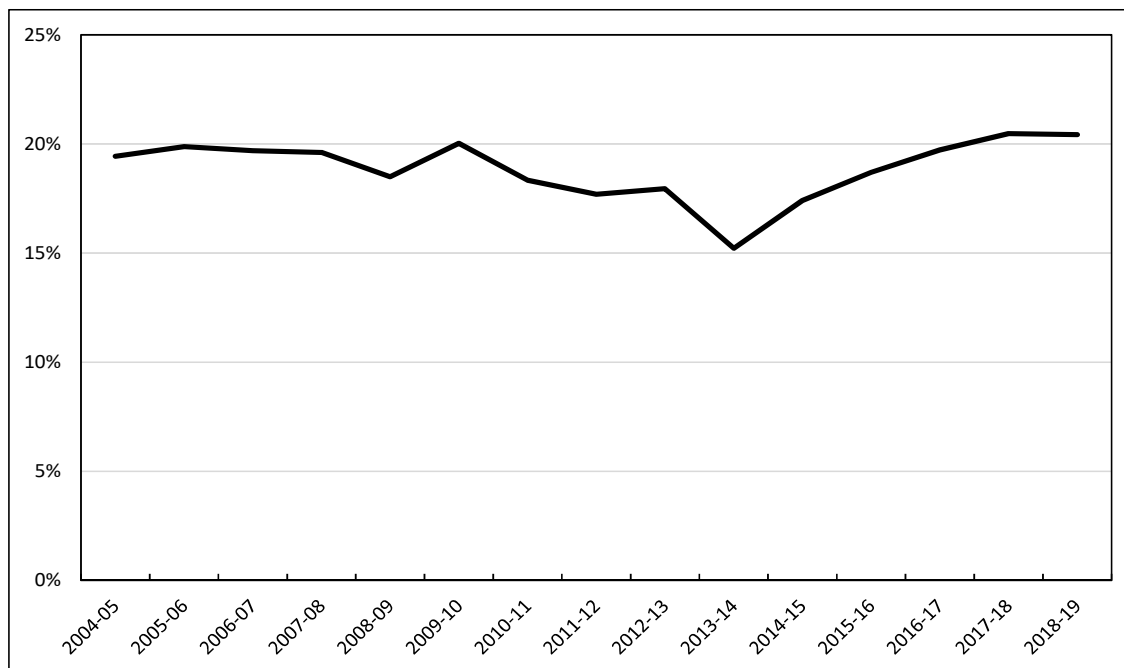
Chronic Absenteeism

Students who miss substantial amounts of school are less likely to succeed and are more at risk of not finishing high school. Analysis by the Oregon Department of Education shows that students who are chronically absent are far less likely to graduate from high school on time.[20]

Chronic absenteeism rates are more volatile over time for high school students and appear to be associated with the economic cycle, suggesting that when jobs are more plentiful, high school students may be more likely to have a job that interferes with school attendance. Exhibit 26 shows that the percent of students who are chronically absent has hovered around 20 percent in Oregon, with the exception of the period of the recent recession where job opportunities were most scarce. The absenteeism rate fell to 15 percent in 2013-14 but then started climbing as the economy improved.

EXHIBIT 26: Percent of Students Chronically Absent

Oregon's high rate of chronic absenteeism suggests that schools are having difficulty engaging a sizable share of students. With the extended closure of Oregon schools due to the coronavirus, fully engaging students becomes more important when schools reopen, and this will be particularly important for students who were the most adversely affected by the school closure. This will require schools and districts to increase their efforts to reach out to families and to address the specific needs of individual students when they return to school. Making school a safe and welcoming place for all students can increase engagement and reduce absenteeism.

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20   Chelsea Clinton and Brian Reeder, School Attendance, Absenteeism, and Student Success, Oregon Department of Education, December 2015, https://www.oregon.gov/ode/reports-and-data/researchbriefs/Documents/Internal/school-attendance-absenteeism-and-student-success-final.pdf

High School Graduation

Oregon has made impressive gains in its on-time graduation over the past decade, with the statewide rate increasing from 67.8 percent in 2008-09 to 80.0 percent in 2018-19. The most impressive gains have been by Hispanic/LatinX students (up 25.4 percentage points) and African American/Black students (up 22.9 percentage points).

Despite stagnant funding, Oregon's public schools have made steady gains in graduation rates. For the class of 2018-19, Oregon's graduation rate was 80.0 percent, up from 78.7 percent in 2017-18.[21] The rate has increased every year since 2008-09, the first year that the U.S. Department of Education required states to use the cohort method to calculate the rate, when it was 67.8 percent.[22] Research over the past 10 years by the Quality Education Commission and the Oregon Department of Education points to the implementation of continuous improvement processes that increase effective instructional practices and personalize education for students as factors in improving graduation rates.[23] Findings from statewide community visits also highlight a need for personal and pointed outreach to students, youth, parents, and families, including building relationships, integrating culturally responsive practices, providing wrap-around services, and focusing on equity.

The improvement in the graduation rate despite flat funding means that Oregon schools have become more efficient, improving outcomes without additional resources. But while the graduation rate growth is encouraging, it is insufficient if Oregon is to meet its goal of having all students graduate from high school by 2025, and meeting that goal seems unlikely if recent funding trends continue. To continue this progress and to ensure students are appropriately supported in their progress toward graduation and beyond, Oregon needs more investment in policies, practices, and processes that prioritize individual student needs. Without additional resources and strategic and sustainable processes for implementation, Oregon is unlikely to see enough improvement in student outcomes to meet its goals.

Graduation Rate Trends by Student Group

Graduation rates increased in 2018-19 for all student groups. Exhibit 27 shows there were gains from the prior year in every student category, with the largest gains earned by African American/Black students. Exhibit 28 shows trends since 2008-09 for all racial/ethnic groups. The largest gains over the 10-year period were for Hispanic/LatinX and African American/Black students, and the gap in graduation rates between those two groups and their white peers fell dramatically. For Hispanic/LatinX students the gap fell by more than 12 percentage points, and for African American/Black students it fell by nearly 10 percentage points.

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21   2008-09 was the first year that graduation rates were calculated using the "cohort" method, so rates prior to 2008-09 are not directly comparable to the rates presented here.

22   The cohort method follows a group of students from the 9th grade through 5 years to determine if they graduate on time (within 4 years), graduate within 5 years, or do not graduate. The cohort is adjusted for students transferring in and out of the state's public schools.

23   http://www.oregon.gov/ode/reports-and-data/taskcomm/Pages/QEMReports.aspx

EXHIBIT 27: Change in Graduation Rates by Student Group

Student Group	2017-18	2018-19	Change
All Students	78.7%	80.0%	1.3%
Males	75.6%	76.9%	1.3%
Females	82.0%	83.4%	1.4%
American Indian/Alaska Native	65.3%	67.7%	2.4%
Asian	90.6%	92.9%	2.3%
Native Hawaiian/Pacific Islander	75.4%	79.8%	4.4%
Black/African American	68.0%	74.1%	6.1%
Hispanic/LatinX	74.6%	79.1%	4.4%
White	80.1%	85.4%	5.3%
Multi-Racial	78.4%	83.5%	5.2%
Economically Disadvantaged	72.4%	74.4%	2.0%
Not Economically Disadvantaged	87.0%	87.5%	0.4%
English Learners Anytime in High School	55.8%	60.2%	4.4%
Former English Learners	82.5%	84.4%	1.9%
Never English Learners	79.2%	80.3%	1.1%
Students with Disabilities	60.6%	63.4%	2.8%
Students without Disabilities	81.7%	82.8%	1.0%
Talented and Gifted	95.0%	95.3%	0.3%
Not Talented and Gifted	77.2%	78.5%	1.4%

EXHIBIT 28: Trends in Graduation Rates by Race and Ethnicity
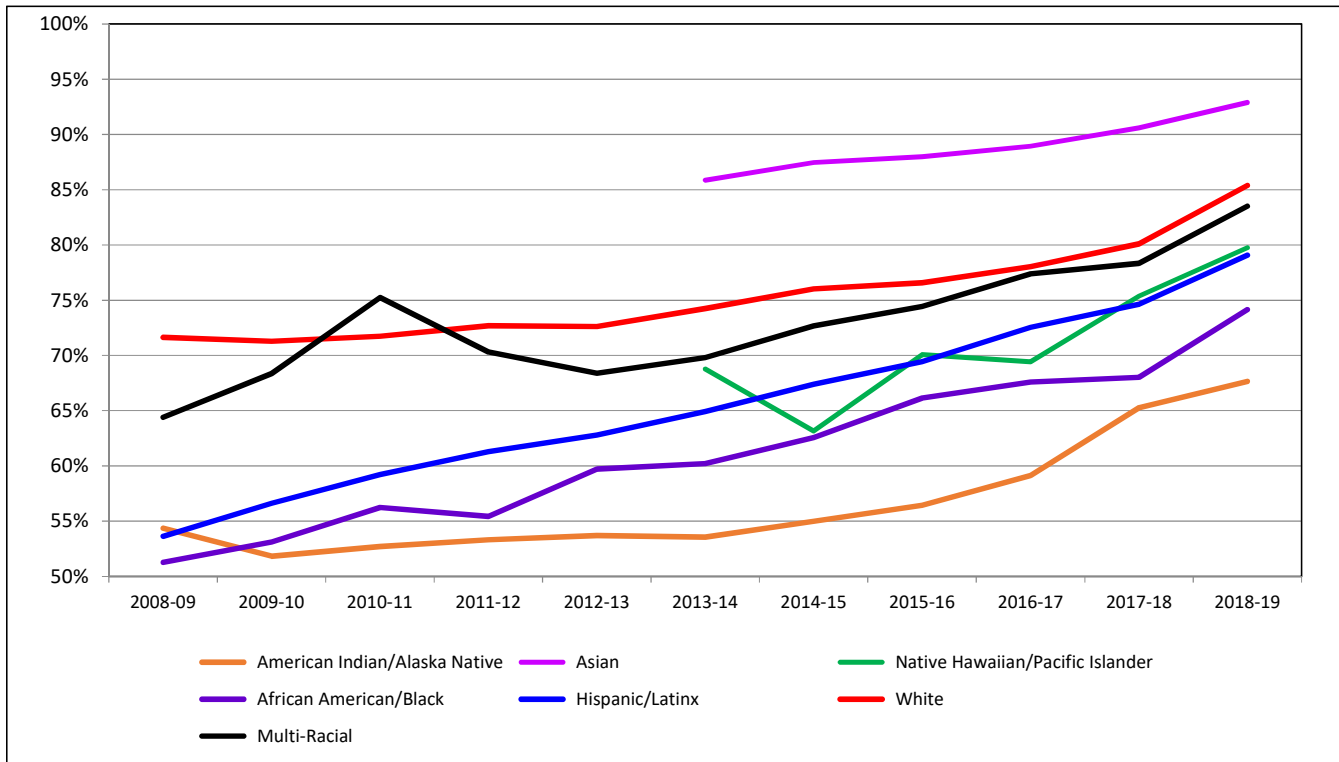
Compared to other states, Oregon's differences in graduation rates among student groups are relatively high. Oregon ranks 43rd among the 50 states and the District of Columbia in the variation across race/ethnicity groups, as measured by the standard deviation (Exhibit 29).

EXHIBIT 29: Variation in Graduation Rates Across Race/Ethnicity Groups by State, 2017-18
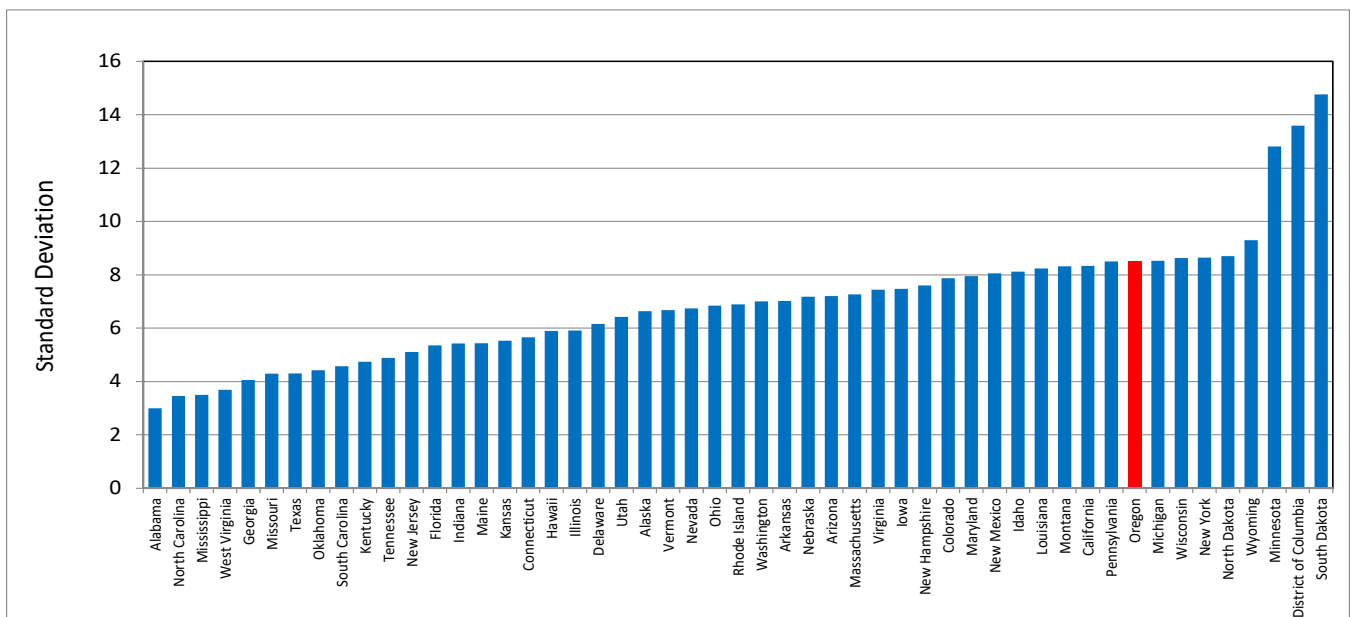
A continuing concern for Oregon schools is the gap between the graduation rates of girls and boys (Exhibit 30). Although the gap has narrowed slightly in recent years, falling from 8.7 percentage points in 2010-11 to 6.5 percentage points in 2018-19, it still represents a significant challenge. Analysis by the Oregon Department of Education shows that even for boys who achieve at the same level as girls on standardized tests, the boys graduate from high school at a significantly lower rate, suggesting that non-academic barriers to completing high school may affect boys more than girls. Economically disadvantaged students and students with disabilities also graduate at considerably lower rates that their peers, as shown in Exhibits 31 and 32.
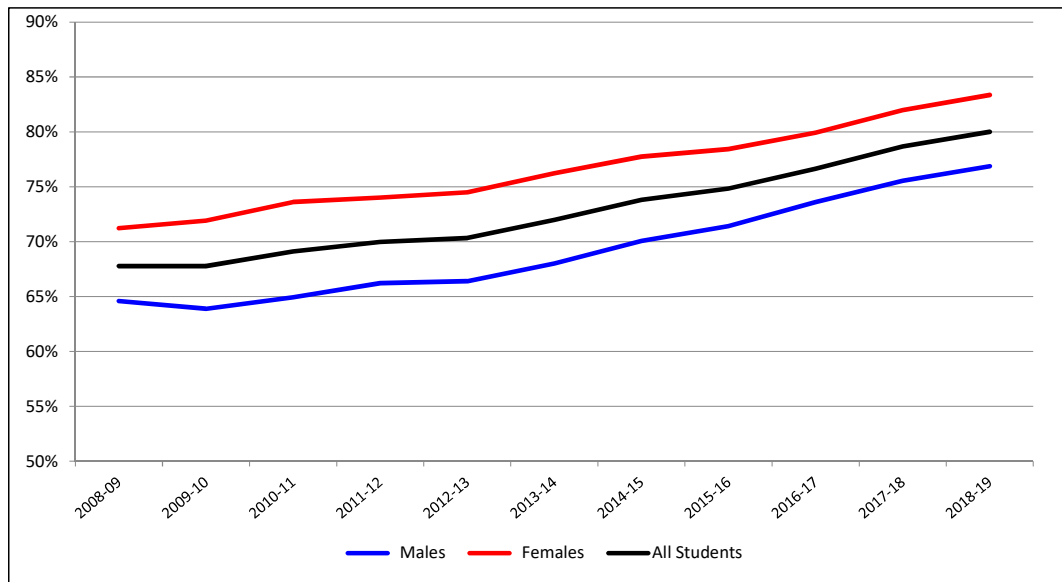
EXHIBIT 30: **Trends in Graduation Rates by Gender**

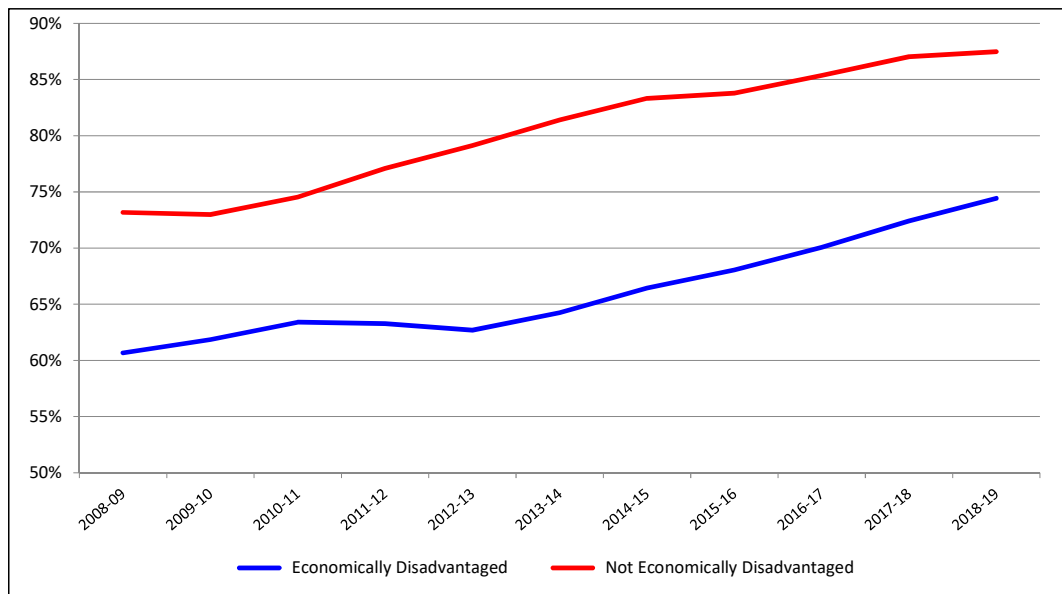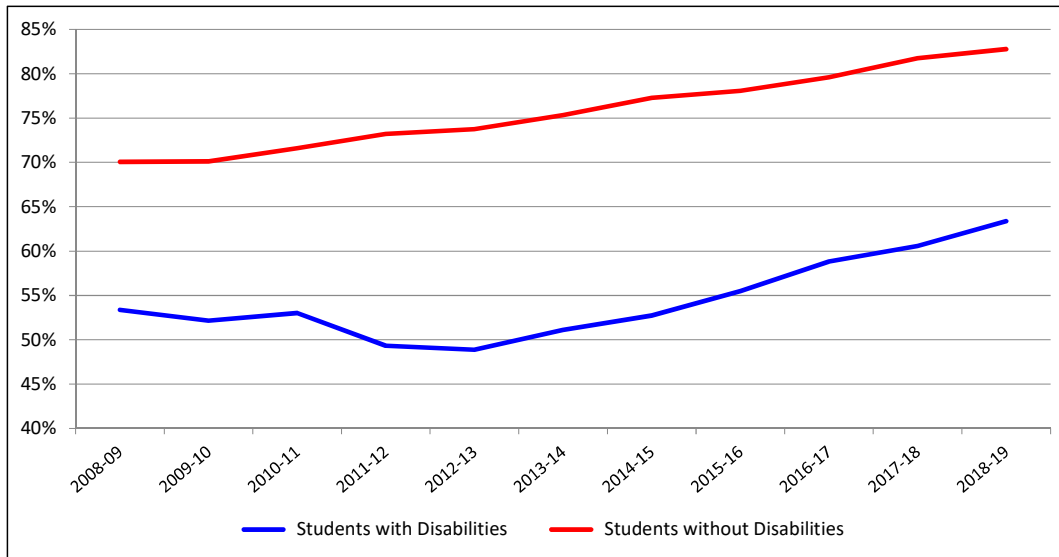**EXHIBIT 31:** **Trends in Graduation Rates by Economic Status**

EXHIBIT 32: **Trends in Graduation Rates by Disability Status**

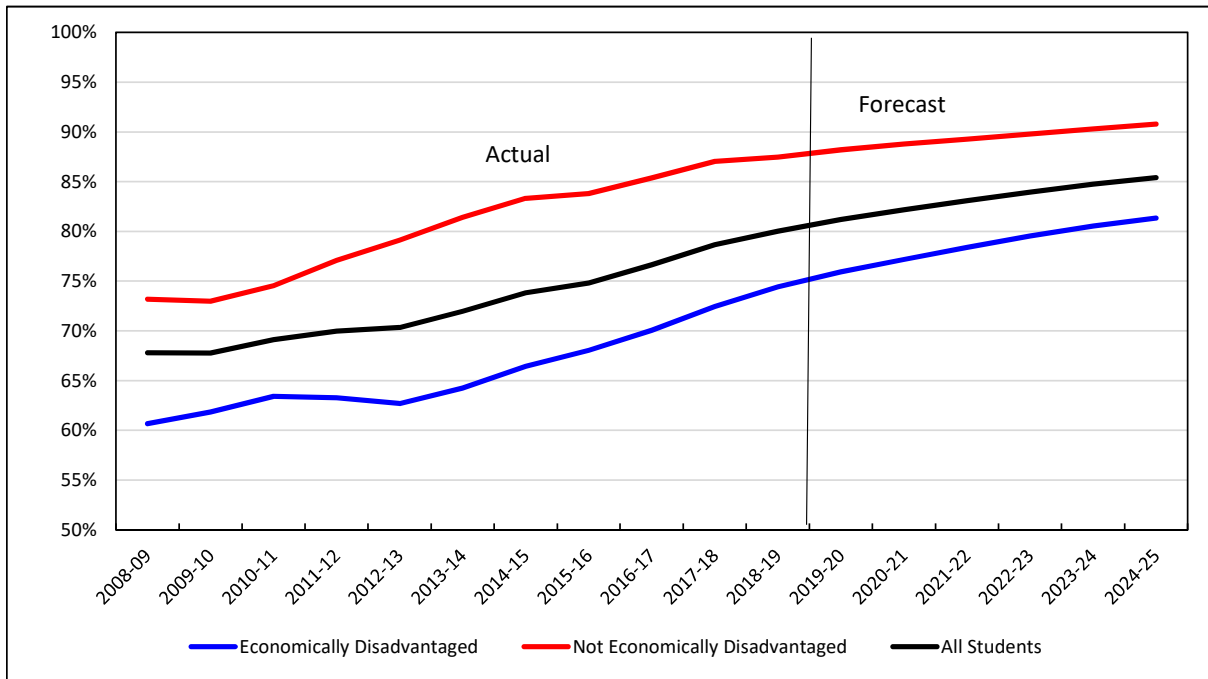## Expected impact on graduation rates of higher funding

Oregon's on-time high school graduation rate increased to 80.0 percent in 2018-19, up from 78.7 percent in the prior year. That is good news, but it will take substantial further increases if Oregon is to meet its educational goals, and additional funding is a key part of making that happen. Recent analysis by the Oregon Department of Education (ODE) uses the results of two recent national studies to estimate the impact of increased funding on graduation rates.[24] The key findings from those studies were:

- A 10 percent increase in per-pupil expenditures resulting from adequacy-focused school-reform legislation leads to an estimated 10 percentage point increase in the probability of graduation for students from economically disadvantaged families and a 2.5 percentage point increase for non-economically disadvantaged students.

- An additional $1,000 of annual per-pupil spending has an impact over two times greater than the per-dollar impact of class size reduction found in Tennessee's Project Star class size experiment.

We can use the results of this research to predict the impact of additional funding on Oregon's high school graduation rate. Exhibit 33 shows expected graduation rates if funding remains at current levels—that is, if it

only increases to account for inflation and enrollment growth. At current funding levels, we expect graduation rates to continue to grow, but for the growth rate to slow down.

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24   Oregon Department of Education, *4-year on-time graduation rates show continued improvement,* March 2018

EXHIBIT 33: Expected Graduation Rates at <u>Current</u> Funding Level

With additional funding, however, we estimate that graduation rates will increase faster and to higher levels, as shown in Exhibit 34. Added funding, however, is not enough. Improving student outcomes also requires, as we stated earlier, that Oregon create a system of continuous improvement for its schools that increases school effectiveness throughout the state.

EXHIBIT 34: Expected Graduation Rates at <u>Full QEM</u> Funding Level
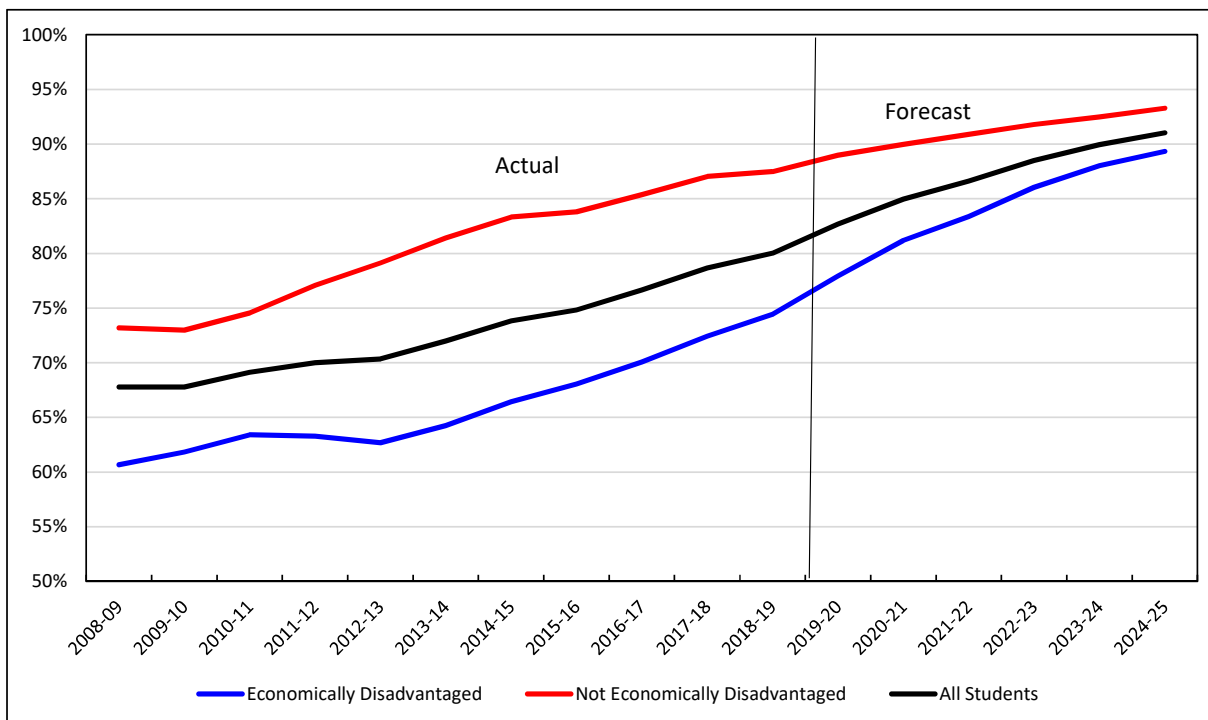
College-Going

As with graduation rates, college-going rates of Oregon's high school graduates vary considerably by student group. Exhibit 35 shows that many of the same groups that have lower than average high school graduation rates also have low college-going rates, in particular American Indian/Alaska Natives, Native Hawaiian/Pacific Islanders, and Hispanic/LatinX students. Also in that group are economically disadvantaged students, English learners, and students with disabilities.

The effects of low graduation rates and low college-going rates are cumulative. Not only do a lower than average share of students in certain student groups graduate

from high school on time, those who <u>do graduate</u> enroll in college within 16 months at lower rates. To see the cumulative effect, consider Asian students who entered Oregon high schools in 2014-15: 90.6 percent graduated from high school on time in 2017-18, and 79.4 percent of those enrolled in college. That means 71.9 percent of all Asian students who entered Oregon high schools in 2014-15 went on to college. In contrast, 74.3 percent of Hispanic/LatinX students graduated from high school on time in 2017-18, and 55.1 percent of those enrolled in college, so just 40.1 percent of all Hispanic/LatinX students who entered Oregon high schools in 2014-15 went on to college.

EXHIBIT 35: College-Going Rates by Student Group, High School Class of 2017-18

Student Group	High School Graduates	College Enrollees	College-Going Rate
All Graduates	36,248	22,399	61.79%
Males	17,895	10,066	56.25%
Females	18,353	12,333	67.20%
American Indian/Alaska Native	483	234	48.45%
Asian	1,762	1,399	79.40%
Native Hawaiian/Pacific Islander	245	126	51.43%
Black/African American	785	480	61.15%
Hispanic/LatinX	7,412	4,087	55.14%
White	23,477	14,746	62.81%
Multi-Racial	2,084	1,327	63.68%
Economically Disadvantaged	19,090	9,868	51.69%
Not Economically Disadvantaged	17,158	12,531	73.03%
English Learners	1,085	456	42.03%
Non-English Learners	35,163	21,943	62.40%
Students with Disabilities	4,027	1,438	35.71%
Students without Disabilities	32,221	20,961	65.05%
Talented and Gifted Students (TAG)	3,706	3,049	82.27%
Non-TAG	32,542	19,350	59.46%

These stark differences mean that Oregon needs to increase its efforts both at the K-12 level and at the college level: we need to increase both high graduation rates and college-going rates for historically underserved student groups if we are to have a truly equitable education system.

Effective Use of Resources

Oregon's 197 school districts vary tremendously in size, location, student demographics, and local culture. In serving the needs of their students, the way Oregon's school districts use their resources are likely to vary as well. To better understand this variation, and to learn how school districts might be able to allocate their resources differently to better serve their students, the Oregon Secretary of State's Office made a series of recommendations to the Oregon Department of Education. The first two recommendations address issues of school district spending trends and areas of potential savings.

Recommendation 1: Evaluate potential K-12 savings areas and spending trends, including an analysis of classroom spending compared to other spending. Share the analysis publicly, and work with the Quality Education Commission to include the analysis in the Commission's public report.

Recommendation 2: Provide tools and templates to help districts regularly benchmark spending against peers, and provide guidance on best-practice options for directing more money to the classroom.[25]

Potential K-12 Savings Areas

For this analysis, ODE defined "savings" as getting the same outcomes with lower spending, or getting better outcomes with the same level of spending.

 Savings can be achieved primarily in three ways:

1. Getting lower prices for inputs.
2. Becoming more efficient at what you are already doing.
3. Doing things differently.

The Secretary of State's first audit recommendation is that the Department of Education "Evaluate potential K-12 savings areas and spending trends, including an analysis of classroom spending compared to other spending" indicating that the Department should focus on how districts allocate their resources to different spending categories. In other words, is there potential for improving student outcomes by re-allocating resources from low-productivity uses to higher-productivity uses? This involves districts being innovative at doing things differently to improve the quality of learning and increase the equity of student experiences and outcomes.

Getting Lower Prices for Inputs

On the input price side, the options are limited: districts working together to get better prices—perhaps through ESDs; being more careful in contract negotiations so you are not paying too much; paying attention to seasonal price variations for items like fuel and other supplies etc. School districts' biggest cost is labor, and there are few options for reducing labor costs beyond becoming more efficient or trying to reduce salaries, which may make it harder to attract high quality staff.

Becoming More Efficient at What You are Already Doing

While it may be useful to conduct performance audits of Oregon School Districts to determine if there are inefficiencies in their day to day operations, such audits are very labor intensive an are, therefore, very expensive.

25   Oregon Secretary of State's Office, "ODE and PPS Must Do More to Monitor Spending and Address Systemic Obstacles to Student Performance, Particularly at Struggling Schools."

Doing Things Differently

The approach the Department of Education adopted comes from the analysis of district spending patterns and their relationship to student outcomes, described above. By observing variations in spending patterns and student outcomes, while taking into account external factors that are outside of district control (for example, high transportation spending per student in remote, sparsely-populated districts), ODE was able to identify which spending categories are associated with better student outcomes and which categories are not. With this information, school districts can devise strategies to move resources from "low-productivity" spending categories to "high-productivity" categories.

The advantage of this approach is that it can be done with data that ODE already collects and does not require the large expense of conducting individual district performance audits. The disadvantage, of course, is that it undoubtedly will miss some of the nuances--which ODE's data are not able capture--of why districts choose to spend their money in the way they do.

This approach is, however, an important start. It provides districts with evidence, based on the data of all of Oregon's school districts, of where to find resources (the unproductive spending categories) that can be shifted to the more productive categories. The accompanying data tool, which allows districts to easily compare their spending patterns with those of similar districts, can be the basis of conversations among districts to learn from one another about how to more efficiently use their resources.

Spending Trends

To better understand how school districts allocate resources to different activities and uses, ODE looked at trends over time in spending by category for all districts combined. Exhibit 36 shows that the share of spending in various categories has been remarkably stable over time, even during economic downturns when revenue fell. Spending on instruction, the largest category, ranged from a low of 59.0 percent in 2007-08 to a high of 60.0 percent in 2017-18—almost no variation at all. The category with the most variation, student support, ranged from 5.7 percent in 2007-08 to 7.1 percent in 2018-19—still not much variation.

EXHIBIT 36: Share of Operating Expenditures by Function
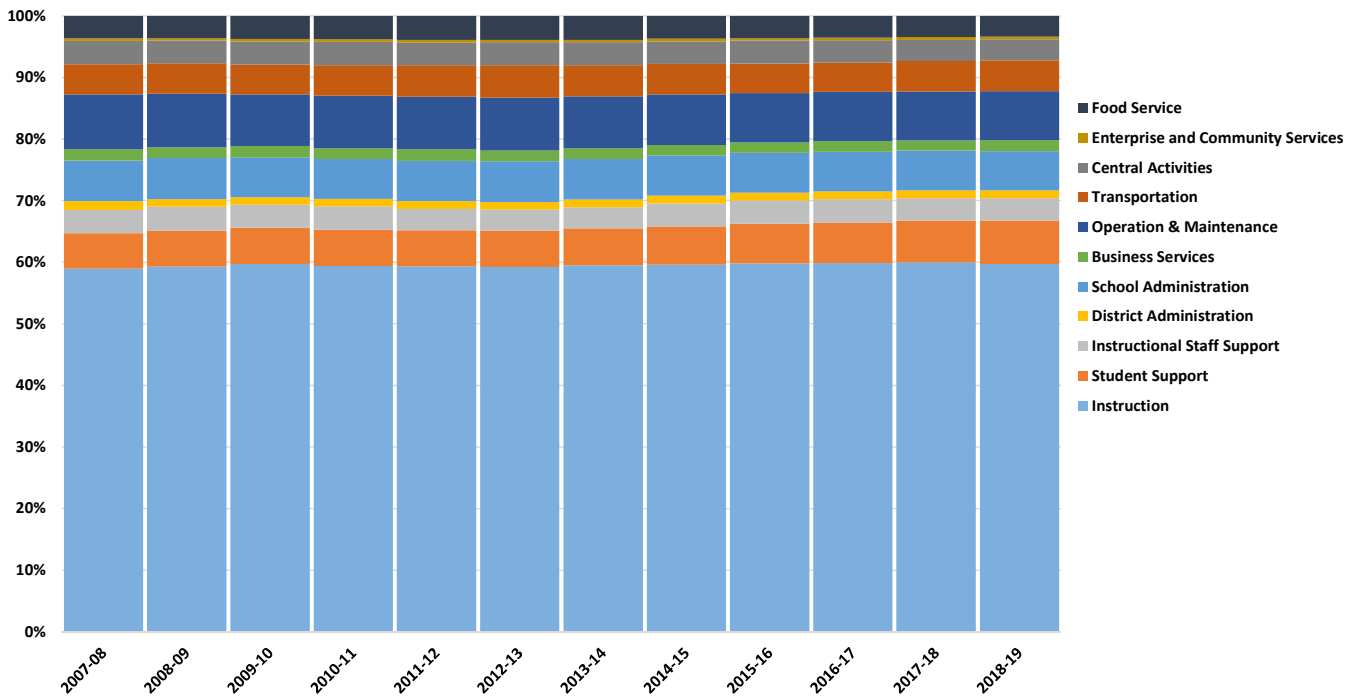
The stability of spending by function category over time at the state level provides few insights about the factors that influence spending patterns. Looking at how spending patterns vary among school districts, on the other hand, can give us much more information about the factors that influence how spending varies across different spending categories. That's because the wide variation in district circumstances, such as size, demographics, etc. likely require the allocation of different levels of resources for different uses to serve the specific needs of students in each district. In addition, factors such as economies of scale and variation in input prices (e.g., teacher and other staff salaries) can have a large impact on how much each district must spend in various categories.

Spending Pattern Differences Among School Districts

A number of factors can affect the share of total spending that a district allocates to various activities such as instruction, extra-curricular activities,

counseling and other student services, administration, transportation, and others. The Department of Education's analysis explored these factors. Guided by lessons from an initial descriptive analysis, ODE did a deeper analysis using district-level data to better understand the factors associated with variations among districts in expenditures by category. The analysis found that district size is associated with the share spent on district administration and centralized activities, indicating there are economies of scale for certain district-wide functions. Certain other cots, such as transportation, are influenced by district size and by location. Rural districts, which also tend to be small, spend the most on transportation because of their large geographic size and low student population densities, requiring long trips. Exhibit 37 shows the size distribution of districts in Oregon, along with the average spending per student, in the 2018-19 school year. The considerably higher spending per student in the Small and Very Small categories is the result of added revenue provided by the Small School Correction, which provides more funding to districts with small schools.

EXHIBIT 37: Size Distribution of School Districts 2018-19

District Size Category	Size Range	Number of Districts	Number of Students	Operating Expenditures per Student
Very Small	1-100	23	633	$22,963
Small	101-500	52	14,135	$15,286
Medium	501-5,000	91	173,971	$11,868
Medium-Large	5,001-15,000	23	185,509	$12,065
Large	> 15,000	7	204,773	$12,003

Exhibit 38 shows the distribution of spending across spending categories broken down by the district size categories described above, and some key relationships jump out:

- Instruction is by far the largest spending category, and its share rises as districts get larger.

- In contrast, the share in certain spending categories falls as districts get larger, suggesting that in those categories there are economies of scale—certain activities can be performed more efficiently as district size get bigger. The categories that stand out are Operations and Maintenance, Transportation, Business Services, and District Administration.

- For other spending categories, particularly Student Support and Instructional Staff Support, the share rises as districts get larger.

EXHIBIT 38: Share of Operating Expenditures by District Size 2018-19
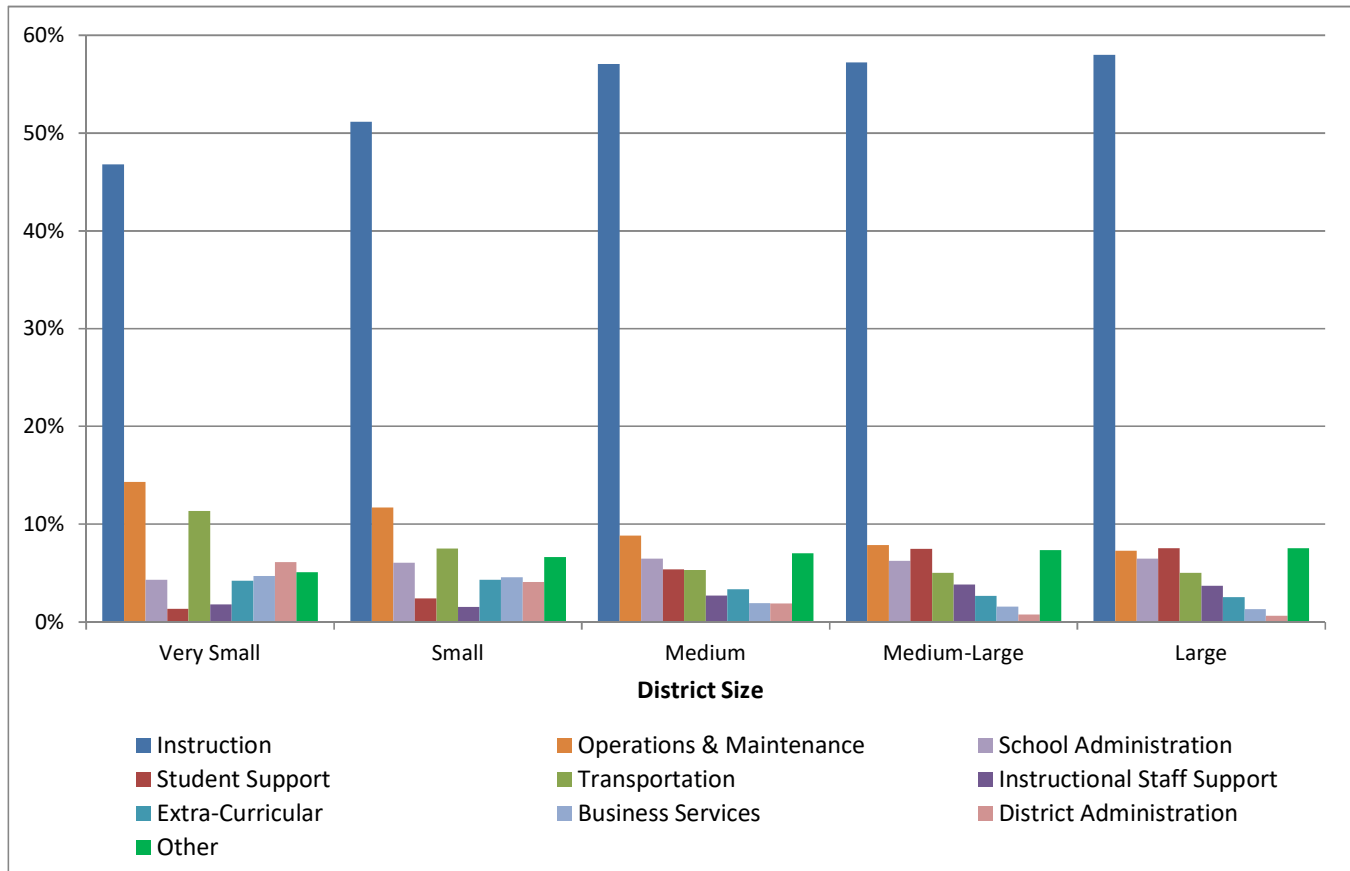
Spending Patterns and Student Outcomes

The goal of the spending pattern analysis summarized above is to determine if a reallocation of resources to different uses has the potential to improve student outcomes. That is, can spending the same amount of money, but in different ways, achieve better results? The Department of Education used the results of their spending pattern analysis to evaluate whether or not variations in spending patterns are systematically associated with student outcomes, using high school graduation as their measure. The Department's preliminary results indicate the following:

- A **higher** share of resources devoted to Instruction and Student Support is associated with higher graduation rates.

- A **lower** share of resources devoted to Operations and Maintenance, Business Services, Central Activities, and Instructional Staff Support is associated with higher graduation rates.

These findings suggest that districts may be able to improve student outcomes by reallocating resources, where possible, toward instruction and student support activities and away from activities that are more administrative in nature. In other words, if districts can become more efficient in their administrative activities, that frees up resources for instruction and student support, which are the activities that the evidence shows are associated with better student outcomes.

To assist districts in evaluating how they allocate resources to different activities, the Department of Education has developed a tool that allows districts to compare their resource allocations to those of similar districts. The hope is that similar districts can learn from one another how to better use their resources.

A Tool for School Districts

The analysis of how spending patterns are related to student outcomes may be of use to school districts in making budgeting and spending decisions. The analysis shows, for example, that districts that spend a higher share of their resources on classroom instruction get better student outcomes. With this knowledge, a district that currently spends less on instruction than other districts in similar circumstances may be able learn from the other districts how to find savings in the non-instructional areas.

The tool developed by the Department of education provides the information that districts need to make such comparisons. The tool provides, for each school district in the state, expenditure data in a range of categories. This information, along with demographic and student performance data, will allow districts to compare themselves with their peer districts and quickly see how different spending patterns may be related to different outcomes. Perhaps more importantly, it may generate conversations among school districts so they can share knowledge about what seems to be effective and what doesn't.

The tool will be available for download on the Department of Education's website in the Fall of 2020.

Ongoing Challenges

As the economy recovers and revenue grows, revenue from the Corporate Activities Tax will increase and funding for Oregon's schools will increase as well. Oregon's reformed tax structure—most notably the addition of the Corporate Activities Tax as a replacement for the Corporate Income tax for most large companies—may very well result in funding for K-12 schools reaching the level recommended by the Quality Education Commission. Oregon's districts and schools need to be prepared to use the added resources wisely. That's what the SSA is about.

Despite encouraging trends in high school graduation rates, particularly for historically underserved student groups, Oregon still faces a number of challenges in meeting its educational goals.

- **Equity.** Oregon still has large opportunity and achievement gaps across student groups, both in standardized test scores and in high school graduation rates. If Oregon is to meet its educational goals, it needs to dramatically increase the success rate of historically underserved students, particularly students of color and students from economically disadvantaged families. The Student Success Act has improving equity as a core objective, and it is critical that an equity lens be a permanent element in Oregon's ongoing school improvement efforts.

  Getting better outcomes for children we are least well serving now depends on (1) spending resources in a different way, specifically targeted to effectively serve children we aren't serving well now; (2) investing across a P-20 continuum; and (3) building capacity and processes in our education systems that will accomplish these shifts.

- **School improvement.** Implementing effective practices and processes into the daily routine of every school in the state has the potential to dramatically improve student outcomes. The Student Success Act was passed as the mechanism by which that school improvement goal becomes reality. Over time, we need to make sure that the effective practices and processes that come out of the Student Success Act's school improvement efforts become the key elements of our systems.

- **Student engagement/attendance.** Student engagement is key to keeping students in school, and student attendance—one key measure of student engagement—is highly correlated with success in school and with high school graduation. In 2018-19 more than 20 percent of Oregon students were considered "chronically absent", meaning that they missed school 10 percent or more of the time.

- **Pre-K availability and quality.** Research shows that high-quality Pre-K programs have a dramatic impact on later success, both in school and in life.[26] In particular, non-cognitive skills such as persistence and cooperation play a key role in raising high school graduation rates, college-going and completion, and labor market success. Oregon is embarking on an effort to dramatically improve the quality of Pre-K programs and access for middle and lower income families. The payoff to this effort will be large if done well.

- **Cooperation across education sectors.** As we have learned more about the difficulties that many students have making transitions—from Pre-K to elementary school, from elementary to middle, from middle to high school, and from high school into college or other post-secondary training—the more it becomes clear that the different sectors in the education system need to cooperate to help more students successfully navigate those transitions.

- **Adequate funding.** The tax reform Oregon passed in 2019 will go a long way to getting K-12 funding in Oregon close to the level it needs to be to provide every student with the opportunity to meet their full potential. We must continue to make sure we do not backtrack on that funding commitment, and we also must make sure that early childhood programs and our public colleges and universities receive adequate funding as well.

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Appendix A: The Quality Education Commission's Equity Stance

By adopting an Equity Stance, the Quality Education Commission is committing to explicitly identifying disparities in Oregon's education systems for the purpose of targeting areas for action, intervention and investment.

The Case for an Equity Stance

Through the efforts of the Governor's Office, Oregon has developed a vision of educational equity and excellence for each and every child and learner in Oregon. The Quality Education Commission (QEC) must ensure that sufficient resources are quantified to guarantee student success. The QEC understands that the success of every child and learner in Oregon is directly tied to the prosperity of all Oregonians. The attainment of a quality education strengthens all Oregon communities and promotes prosperity, to the benefit of all. It is through educational equity that Oregon will make progress towards becoming a place of economic, technologic, and cultural innovation.

Oregon faces two growing disparities that threaten our economic competitiveness and our capacity to innovate. The first is the persistent achievement gap between our growing populations of communities of color, immigrants, migrants, and low income students with our more affluent white students. While students of color make up over 30 percent of our state- and are growing at a significant rate- our achievement gap has continued to persist. As our diversity grows, it is critical that we embrace the strength of our new communities, promote outreach and dialogue, and adjust systems to appropriately serve all students. Our growth in this area increases opportunity for everyone in Oregon.

The second growing disparity is an increasing performance gap between Oregon and the rest of the United States. Our achievement in state benchmarks has remained stagnant and in some communities of color has declined while other states have begun to, or have already significantly surpassed our statewide rankings. If this trend continues, it will translate into economic decline and a loss of competitive and creative capacity for our state. We believe that one of our most

critical responsibilities going forward is to quantify resources and note best practices and policies that may be implemented in order to reverse this trend and deliver the best educational continuum and educational outcomes to Oregon's Children.

By adopting this Equity Stance, the QEC is committing to explicitly identifying disparities in Oregon's education systems for the purpose of targeting areas for action, intervention and investment.

The QEC Believes:

- Everyone has the ability to learn and that we have an ethical responsibility and a moral responsibility to ensure an education system that provides optimal learning environments that lead students to be prepared for their desired individual futures and a prosperous future for the collective Oregon community.

- Speaking a language other than English is an asset and that our education system must celebrate and enhance this ability alongside appropriate and culturally responsive support for English as a second language.

- Students receiving special education services are an integral part of our educational community and we must welcome the opportunity to be inclusive, make appropriate accommodations, and celebrate their assets. We must directly address the over-representation of children of color in special education and the under-representation in talented and gifted and college-prep programs.

- Students who have previously been described as "at risk," "underperforming," "under-represented," "under-served," or "minority" actually represent Oregon's best opportunity to improve overall educational outcomes. We have many counties in rural and urban communities that already have populations of color that make up the majority. Our ability to create an equitable education system is critical for us to successfully reach our state's 40/40/20 goals.

- Intentional and proven practices must be implemented to return out-of-school youth to the appropriate educational setting. We recognize that this will require us to challenge and change our current educational setting to be more culturally responsive, safe, welcoming, receptive, and responsive to the significant number of elementary, middle, and high school students who are currently out of school.

- We must make our schools safe for every learner. When students are alienated from their school communities they are inherently less safe emotionally and, potentially, physically.

- Ending disparities and gaps in achievement begin in the delivery of quality Early Learner programs and appropriate parent engagement and support. This is not simply an expansion of services -- it is a recognition that we need to provide services in a way that engages and has value to our most diverse segment of the population, 0-5 year olds and their families.

- Resource allocation demonstrates our priorities and our values and that we demonstrate our priorities and our commitment to rural communities, communities of color, English language learners, students with special needs, and out of school youth in the ways we allocate resources and make educational investments.

- Communities, parents, teachers, and community-based organizations have unique and important solutions to improving outcomes for our students and educational systems. Our work will only be successful if we are able to truly partner with the community, engage with respect, authentically listen--and have the courage to share decision making, control, and resources.

- Every learner should have access to information about a broad array of career/job opportunities and apprenticeships that will show them multiple paths to employment yielding family-wage incomes, without diminishing the responsibility to ensure that each learner is prepared with the requisite skills to make choices for their future.

- Our community colleges and university systems have a critical role in serving our diverse populations, rural communities, English language learners and students with disabilities. Our institutions of higher education, and the P-20 system, will truly offer the best educational experience when their campus faculty, staff and students reflect this state, its growing diversity and the ability for all of these populations to be educationally successful and ultimately employed.

- The rich history and culture of learners is a source of pride and an asset to embrace, celebrate, and be included in the culture of Oregon's educational settings; even as our diverse histories and cultures sometimes challenge the assumptions of the state's dominant culture.

- Supporting great teaching is essential. Teachers are among the most powerful influences in student learning. An equitable education system requires providing teachers with the tools and support to be highly effective instructors for each and every student.

- Equity requires the intentional examination of systemic policies and practices that, even if they have the appearance of fairness, may in effect serve to marginalize some and perpetuate disparities.

- Data are clear that Oregon demographics are changing to provide rich diversity in race, ethnicity, and language.

- Working toward equity requires an understanding of historical contexts and the active investment in changing social structures and changing practice over time to ensure that all communities can reach the goal and the vision of 40/40/20.

Implications of Taking an Equity Stance on the QEC's Work:

This Equity Stance will confirm the importance of recognizing institutional and systemic barriers and discriminatory practices that have limited access for many students in the Oregon education system. The Equity Stance emphasizes underserved students, such as out-of-school youth, English Language Learners, and students in some communities of color, low income students, and some rural geographical locations, with a particular focus on racial equity. The result of creating a culture of equity will focus on the outcomes of academic proficiency and educational attainment, civic awareness, workplace literacy, and personal integrity.

The commission will focus on resource allocation, overall investments, practices, and policies.

By utilizing this Equity Stance, the QEC aims to align to a common Oregon vocabulary and protocol regarding issues of educational equity; and consider each of the following matters in the evolving development of the Quality Education Model, related reports, and other items that come before the commission:

1. Review and publish data on current and potential future impact of resource allocation and practices or policies on Oregon's student populations at all levels 0-5, K-12, and higher education.

2. Explicitly describe the impact recommended resource allocation levels and suggested practices or policies have on eliminating the opportunity gap.

3. Enumerate, explain, and develop possible strategies to overcome ideological, institutional, and other challenges to more equitable outcomes.

4. Create and implement a plan to intentionally involve members of affected communities in the consideration of data as well as suggested evidence-based practices or policies.

5. Consider resource allocation levels and practices or policies that focus on transition knowledge and skills (postsecondary and career awareness, self-advocacy, college and workforce norms, admission requirements, and financial aid options and procedures). Incorporate an appreciation for diversity and a culturally appropriate development of educational and career transition knowledge.

6. Compare Oregon's performance, practices, and policies with those of other states to better define recommended resource allocation levels and suggested practices or policies to advance the 40/40/20 goal for all learners. Further, the QEC will be developing a Quality Education Model (QEM) report that is more inclusive of Oregon's diverse population. The QEM will also provide a more complete and accurate path to Oregon's 40-40-20 goal than in the past by acknowledging the barriers that exist for many learners and offering recommended resource allocation levels and suggested practices or policies that provide an equitable path to college and career for every Oregon learner.

Definitions

Achievement gap: Achievement gap refers to the observed and persistent disparity on a number of educational measures between the performance of groups of students, especially groups defined by gender, race/ethnicity, and socioeconomic status.

Culturally Responsive: Recognize the diverse cultural characteristics of learners as assets. Culturally responsive teaching empowers students intellectually, socially, emotionally and politically by using cultural referents to impart knowledge, skills and attitudes.

Disproportionality: Over-representation of students of color in areas that impact their access to educational attainment. This term is a statistical concept that actualizes the disparities across student groups.

Embedded racial inequality: Embedded racial inequalities are also easily produced and reproduced – usually without the intention of doing so and without even a reference to race. These can be policies and practices that intentionally and unintentionally enable white privilege to be reinforced.

Equity: In education, equity is the notion that EACH and EVERY learner will receive the necessary resources they need individually to thrive in Oregon's schools no matter what their national origin, race, gender, sexual orientation, differently abled, first language, or other distinguishing characteristic.

Opportunity Gap: The lack of opportunity that many social groups face in our common quest for educational attainment and the shift of attention from the current overwhelming emphasis on schools in discussions of the achievement gap to more fundamental questions about social and educational opportunity.

Race: Race is a social – not biological – construct. We understand the term "race" to mean a racial or ethnic group that is generally recognized in society and often, by government. When referring to those groups, we often use the terminology "people of color" or "communities of color" (or a name of the specific racial and/or ethnic group) and "white." We also understand that racial and ethnic categories differ internationally, and that many of local communities are international communities. In some societies, ethnic, religious and caste groups are oppressed and racialized. These dynamics can occur even when the oppressed group is numerically in the majority.

Underserved students: Students whom systems have placed at risk because of their race, ethnicity, English language proficiency, socioeconomic status, gender, sexual orientation, differently abled, and geographic location. Many students are not served well in our education system because of the conscious and unconscious bias, stereotyping, and racism that is embedded within our current inequitable education system.

White privilege: A term used to identify the privileges, opportunities, and gratuities offered by society to those who are white.

40-40-20: Senate Bill 253 - states that by 2025 all adult Oregonians will hold a high school diploma or the equivalent, 40 percent of them will have an associate's degree or a meaningful postsecondary certificate, and 40 percent will hold a bachelor's degree or advanced degree. 40- 40-20 means representation of every student in Oregon, including students of color.

Oregon achieves . . . together!