Oregon's Quality Education Model

2002

December 2002

Dear Governor Kitzhaber:

Placing the Quality Education Commission in statute heightened the Commission's sense of purpose and responsibility to Oregon's 500,000-plus K-12 students. The Commission understands its charge to review and revise the Quality Education Model (QEM), and also is working to establish a process for ongoing system improvement.

From the onset, it was clear that the QEM is more than a tool for determining the funds required to provide a quality education for all students. The model is also a template for instructional improvement. It stimulates focused discussion on exactly what a quality education is, what it would cost on a statewide basis, and what we can expect from students if the QEM is implemented. To meet the challenges and charge before the Commission, several panels were formed to synthesize research, public opinion and current practices. The resulting reports moved the current model from an ideal prototype for quality instruction to an interactive framework for ongoing instructional improvement and high student performance.

The Quality Education Commission understands Oregon's current financial limitations. It would have been reasonable for the Commission to evaluate the current model in light of the downward economy, and to make modifications that would conform to the dire fiscal reality. Rather, the Commission chose to maintain its focus on the importance of providing a world-class education to Oregon students, and to maintaining the goals of continued improvement in student achievement. As a result, QEM 2002 remains a document that reflects proven research, current best practices and public values. We believe the revised document improves the design and maintains the goals of the legislative charge.

Many financial factors beyond the control of local school districts have had a negative effect on their ability to implement QEM 2002 (i.e., employee benefits, energy costs, insurance costs, etc.). Currently the model is funded at 73 percent of the recommended level. We have provided a forward-looking gap analysis reflecting both the financial and performance measurements of funding at current levels versus those recommended in a fully funded model. Cost-effective management remained an important concern and, as a result, the updated fully funded model varies little in cost requirements to prior versions.

Our message to state educators and key decision-makers is to "stay the course." QEM 2002 creates a roadmap for improvement in student achievement, and adequately funding the model requires strong leadership and significant resources. Recent federal legislation requiring expanded services to specific students will further challenge school leaders. However, without a vision and persistent advocacy, quality education and consistent, high student achievement will not be achieved.

The Quality Education Commission remains committed to providing leadership in this critical area. We welcome your comments and continued support of our efforts, and we appreciate the opportunity to serve.

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Preface

Understanding and incorporating quality educational goals into the fabric of local school systems, while respecting community interests and values, is critical to the success of Oregon's schools. Working toward the goal of higher quality schools, the Quality Education Commission examined the key factors in successful school districts and how those factors can be infused throughout Oregon's educational system.

Our public schools are the foundation of an informed electorate and a healthy, progressive state and economy. Adequate, targeted funding is an important consideration in the achievement of sustainable, successful schools. Resources must be dedicated to core academic requirements, but also must support related activities that inspire and motive students to achieve. Resources must be sufficient to provide predictability and consistency to ensure a stable, professional workforce.

Oregon communities expect their public schools to provide a comprehensive education that demands excellence in core academic areas. The Quality Education Commission has reviewed the factors and organizational models that will best provide that educational experience. Achievement of the models proposed will happen only with the knowledgeable support of key decision-makers, sustainable and adequate resources, and dedicated leadership at the state and local levels.

The Commission Charge

The Quality Education Model Report to the Governor and Legislature meets the statutory obligations to summarize recommendations and findings of the Commission. The report reflects the activities of the Commission over the past year.

Under ORS 327.506, the Quality Education Commission is charged to:

1. Determine the amount of monies sufficient to ensure that the state's system of K-12 public education meets the quality goals established in statute. [See Cost Calculations table, p. 34.]

2. Identify best practices in education that will lead to high student performance, and the costs of implementing those best practices in K-12 schools. [Quality Indicators and Best Practices , p. 10.]

3. Issue a report to the Governor and Legislature by August 1 that identifies:
   - Current practices in the state's system of kindergarten through grade 12 public education
   - Costs of continuing those practices
   - Expected student performance under those practices
   - The best practices for meeting the quality goals
   - Costs of implementing the best practices
   - Expected student performance under the best practices
   - Two alternatives for meeting the quality goals

Article VIII, Section 8 of the Oregon Constitution establishes that the Legislative Assembly shall appropriate in each biennium a sum of money sufficient to ensure that the state's system of public education meets the quality goals established by law. It further requires the Legislature to publish a report that either demonstrates that the appropriation is sufficient, or identifies the reasons for the insufficiency, its extent, and its impact on the ability of the state's system of public education to meet those goals.

Background

Prior to the 1990s, local school boards and district voters determined the size of Oregon's K-12 budgets, which were funded primarily with local property taxes. Wide disparities in funding levels existed throughout the state because of this local control of school budgets. Several key pieces of legislation and changes in policy dramatically altered the face of school funding in Oregon after 1990.

Ballot initiatives Measures 5, 47 and 50 limited the number of dollars per thousand of assessed property value that school districts could levy on local property, and required the state to replace some – but not all – of local property tax revenue lost because of the property tax limitation. As a result, the state now provides approximately 70 percent of the funding to most school districts, shifting control of local school funding to the state.

In 1991, the Legislature passed the Oregon Education Act for the 21st Century, authorizing the state to develop high academic standards for students, and assessments to measure student achievement of the knowledge and skills outlined in the standards. The legislation required school districts to award a Certificate of Initial Mastery (CIM) to 10th graders who met rigorous academic standards, beginning in the 1998-99 school year. Beginning in school year 2004-05, 12th graders who reached performance standards would receive a Certificate of Advanced Mastery (CAM). Oregon's education reform legislation sets some of the highest academic standards in the nation and requires school districts to adapt their curriculum to meet those standards.

Additional legislation passed in 1991 mandated the equalization of funding among Oregon's 200 school districts. It set the stage for comparisons of the results that schools with similar resources were achieving. To allow for comparable information, in 1997 the Legislature passed and funded a Database Initiative Project designed to create common definitions of various spending functions. All districts coded and reported expenditures in the same way, allowing comparisons of spending decisions at any school or district to all other schools and districts in the state.

The adoption of the Proficiency-based Admissions Standards System (PASS) in 1994 aligned standards established for K-12 education with admission requirements in Oregon's pubic universities. The PASS system moves the focus of the college admissions process from courses taken to knowledge and skills mastered. Those standards reinforce and lend credibility to the standards existing at the K-12 level.

The Legislative Council on the Oregon Quality Education Model, formed by Speaker of the House Lynn Lundquist, published a report in June 1999 outlining an approach to determining the costs of providing a quality education to all Oregon students. That approach is the Quality Education Model (QEM). The model is the state's first attempt to establish a link – based on detailed cost information and current educational research – between the level of resources devoted to schools and the level of student achievement.

Governor John Kitzhaber and Superintendent of Public Instruction Stan Bunn, in October 1999, jointly appointed the Quality Education Commission to continue to develop and refine the QEM. The Commission's charge was to validate and update the model, based on input from educators, business leaders, education policy experts, the public and others, and to make recommendations regarding model development based on research, data, public input and experience.

Building on the work of the previous Commission, the 2001 Legislature created, through ORS 329.015, a permanent Commission to determine the costs of providing the state's K-12 schools with adequate funding to meet established quality goals. The Commission is charged with identifying best practices that lead to high student performance, and the costs associated with those best practices. Each even-numbered year, a report is issued to the Governor and Legislative Assembly addressing specific goals, practices, expected performance and related costs.

I.

Introduction

Quality Education: A Broken Promise?

The widening gap between current school funding and resources needed for student success forces Oregonians to decide if we will fulfill our children's educational promise or neglect our most precious resource. Oregonians must solve the current funding crisis and create a healthy, stable funding environment for our schools – or risk creating a second-rate public school system. Failure to act means:

- Failure to give our children a chance to succeed
- Economic stagnation
- Loss of the high quality of life that Oregonians enjoy

What Is a Quality Education and What Does It Cost?

That is the essential question that the Quality Education Commission seeks to answer. Oregon's QEM is a tool to help state policy-makers determine the level of resources needed to meet the state's quality education goals in statute. The model can be used to answer a set of critical education finance questions:

- What is a quality education?
- How much does it cost?
- What results can Oregonians expect?

Whatever the assumptions are about educational programs and resource levels, state decision-makers can use the model to estimate the costs and impacts of policy decisions, and to hold schools accountable for student performance.

A Benchmark for Quality

The QEM sets a vision of high-performing schools. Based on prototype schools, the QEM identifies the resources that schools need to provide students with a quality education. The model estimates the costs of operating those high-performing prototype schools, then calculates a statewide cost. The QEM also forecasts student performance results that would be reasonable to expect given a certain level of resources, and it provides an effective tool for making budget decisions. State educators are beginning to use the QEM as a benchmark for best practices, staffing and activity levels. The model anticipated many of the requirements of the new federal 'No Child Left Behind Act'. Those requirements – and Oregon's own educational goals – will not be met with a widening funding gap.

Resources alone will not ensure high-quality schools. Quality education requires a combination of adequate resources, effective educational practices and local decision-making. The QEM uses educational research, classroom practice, professional judgment and public values to identify important educational elements that lead to high student achievement.

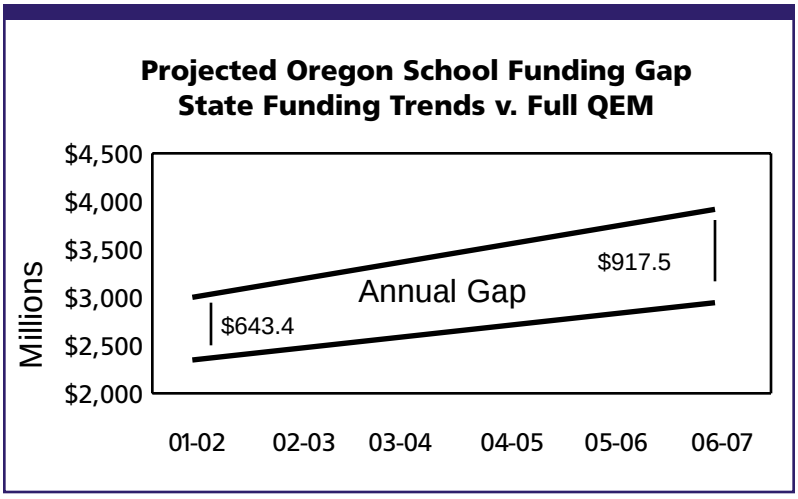
Schools and students need a stable educational environment to thrive. Each year of a student's education is linked to what he or she learned before, and what will come later. Effective educational practices are disrupted when the funding gap becomes too wide, or when resources are provided and then cut – such as occurred over the past year. In 2002-03, for example, the state eliminated the School Improvement Fund and suspended state tests in writing, science and math problem-solving. The primary reason: lack of funding.

Oregon Has Set High Goals

Oregon's Legislature set high goals for our K-12 schools. Those goals are embodied in the Oregon Education Act for the 21st Century (ORS Chapter 329, see Appendix). The goals call for a world-class educational system with rigorous academic standards for all students, and include expectations that all students will be challenged to meet their full potential. The State Board of Education developed standards that describe what students are expected to know and be able to perform at benchmark levels at grades 3, 5, 8 and 10. The state assessment system measures student progress over time against the standards so that schools are held accountable for student performance.

In updating the QEM, the Quality Education Commission adopted the principle that every Oregon student should have the opportunity to meet the state's high performance goals. This principle requires that the state provide adequate resources to schools. It also calls for thinking about equity in a new way. Rather than defining equity in terms of equal dollars, equity must be based on student results. We must focus even more on the impact of the cost factors that affect learning and performance, such as changing student demographics, our small rural schools, and increases in the costs of employee benefits. We must distribute school resources in a way that ensures that all students have equal opportunities to meet performance standards. We must examine the programs that we provide to help our students realize those goals, taking into consideration both school and community resources.

The Funding Gap Is Growing *Chart #1*



The gap clearly is widening between current funding levels and the resources needed to meet the state's Quality Education Goals. Unless the state can improve funding and close the gap, the academic progress Oregon's schools have made over the past decade will stop. The result will be a second-rate school system, students not meeting their full potential, a negative impact on the state economy and the loss of our status as a high quality-of-life state. State education funding per student has not kept pace with inflation over the past decade. At the same time, schools have experienced cost increases above the inflation rate in some areas, and increases in the number of students with special needs.

The current economic downturn magnifies the problem, but school funding has been slipping since the passage of Measure 5 in 1990. Measure 5 cut school property taxes by more than 60 percent, and Oregon's Legislature did not fully replace those lost revenues at a time when higher student outcomes and requirements were made under the Oregon Education Act. The result has been a steady decline in funding available for schools. Oregon must establish a stable, adequate funding system for our schools if students are to achieve at high levels.

Summary of Key Findings and Recommendations

The Commission found that the model provides an accurate picture of the costs of a quality education for Oregon's students. Based on a thorough review of the QEM and advice from three broad-based panels, the Commission offers the following recommendations:

- Revise the model's high school prototype to reflect the latest research on best practice, including:
  - Structures to provide meaningful connections between students and adults.
  - A personalized educational program for each student that leads to a successful transition to the world beyond high school.
  - Community-based and work-site learning as integral components of its instructional program.
  - Rich curriculum and instructional activities that are relevant to students' lives.
  - Considering time a variable, not a constant, in achieving high student success.
  - Develop a small school prototype.
- Add resources to the model to support rapidly increasing numbers of English Language Learners (ELL). ELL are a significant percentage of Oregon students, and additional resources are required to help this diverse student population meet high academic standards. Additional support staff also are needed to assist ELL students so they can succeed in the regular academic curriculum.
- Include the costs of Education Service District (ESD) services in the prototype schools, including special education, technology, instructional support and professional development. As data becomes available on the true cost of educating each student, it is appropriate to include the cost of ESDs. While related support services vary from one ESD to another, services listed above are typical in all ESDs and should be incorporated into the total cost picture.
- Examine how federal resources may affect learning in high poverty schools and special education programs, and develop recommendations based on those findings for alteration of the model. Federal and other funds represent significant revenue to many districts and should be accounted for in the model. They are not distributed evenly across districts, but these funds should be part of the calculation in determining the level of funding schools need to succeed. Additional study is necessary to determine how federal funds meet the needs of special populations, and the relationship of those funds to the state school fund allocation.
- Continue studying program costs in small, remote schools to ensure that those schools have equal opportunities to meet the state's quality education goals.
  The two weighting formulas now used are only rough proxies for the likely differences. A special study group should determine the distinction between school size and the proximity to other educational services. When practical, program requirements should model best practices.
- Consider special education program costs and the allocation of state resources in the model, based on the report from the Special Education Task Force established by the Legislature.
- Describe all sources of funding for the K-12 system in the QEM.
  Future models should incorporate resources from federal funds, ESDs, categorical grants and special state grants into the funding calculations. That will give a true picture of the total cost of providing K-12 education.
- Describe the Quality Indicators in greater detail and outline a strategy to collect data necessary to measure Quality Indicators.
  Quality Indicators identified in this report need further review and clarification. They may provide tools to measure the educational health of a school system, and opportunities for local communities to assess educational gains beyond test scores.

Recommendations Requiring Policy or Legislative Action

- Replace the current target-funding amount and establish a line item in the state budget to pay for the highest-cost special-education student programs.

  This special student population varies considerably from district to district, and the true cost of education far exceeds the per-pupil allocation. Direct service costs for each identified student should be separate from the state school fund allocation to districts, and the revenue should follow the student.

- Replace the current target-funding amount of $4,500 per student in ORS 327.013 with the amount per student needed to implement the best practices identified in the QEM.

  Setting the QEM funding level as a standard is consistent with the constitutional requirement for the Governor and Legislature to report on the discrepancy between the actual funding level and the QEM. This change will enable comparisons to be drawn between the QEM target funding level and the current support level as a measure of adequacy. State funding levels could be tracked over time to assess progress toward meeting the QEM standard, with adjustments as appropriate.

- Develop solutions to the employee benefits crisis affecting schools.

Future Considerations

The Commission recommends additional study in the following areas:

- Define equity in terms of the funding needed to provide each student with the opportunity to meet state education goals.
- Develop other student outcome measures, in addition to state assessment scores and dropout rates, to evaluate progress toward meeting state Quality Education Goals.
- Study middle school programs to determine whether changes are needed to the QEM middle school prototype that would be likely to increase student achievement.
- Examine each weight category in the State School Funding Formula to determine the research-based support for the weight. A biennial review of trends in the mix of students would help produce a methodology that might adjust statewide costs to a changing demographic mix.
- Establish a future panel to study transportation, capital and technology needs in school districts and how those needs affect a quality education.
- Develop a pilot project for collecting data on Quality Indicators at a set of schools statewide.
- Determine what would be necessary to bring every possible student to the quality levels specified in the model.
- Consider what quality standards for early childhood education would look like, and how such standards would connect with the QEM.
- Refine the formula used to forecast future achievement of QEM prototype schools.

Stay the Course

Commission members value their work on the continuing refinement of the QEM. While these are trying times in our state, staying the course to meet Oregon's education goals is more important now than ever before. This model is not just about money – it is about accountability and understanding the relationship between funding, educational practices and performance expectations. This model is also a legislative tool, to be used to define what funding level is needed and how we can be more effective in reaching those performance goals in statute. The funding gap is widening and challenging our ability to provide every student with opportunities to meet Oregon's performance goals. It is time for everyone to be held accountable to the principle of equity, and to keep the promise of a quality education for each of our students.

II.

QEM 2002 is a tool for making informed decisions at the local school level. As a prototype, it reflects best practices research on high performing schools. The Quality Indicators associated with each prototype provide guidance for school district leaders who are making local decisions on how to achieve high performance standards. Individual schools may use a variety of ways to design specific instruction that incorporates the Quality Indicators and personalizes the prototype models.

The model is an effective tool for estimating the amount of statewide funding required to operate Oregon's schools at specific levels of performance. The model helps educators estimate the costs of implementing programs and practices that are grounded in research on high performing schools.

Policymakers can use the QEM both to examine the cost consequences of other educational initiatives and to better understand the costs associated with full implementation of the prototype school models.

The QEM's purpose is not to dictate specific strategies or organizational structures to local schools. Instead, it is designed to demonstrate that a certain level of funding can be reasonably associated with a certain level of student performance. Districts and schools retain the right to organize their programs in the manner they believe best supports student learning.

Prototype Assumptions

The QEM uses three prototype schools that are structured to provide resources consistent with best, research-based practices. The Commission made assumptions about the demographics of the prototype schools so that it is possible to understand the effects of various resource levels and to estimate specific costs. Those basic assumptions include:

- The size of each prototype school is within a range that research shows is reasonable.
- The assumed level of teacher experience is about average for Oregon schools.
- Each school has Internet access.
- Teachers use technology in the design and delivery of instruction.
- Schools are located in close proximity to an urbanized area.
- Schools are slightly below the state median in socioeconomic status (40th percentile).
- Schools have approximately 13 percent of their students identified for special education.
- 10 percent of the students are identified as speaking English as a second language.
- The principal is knowledgeable about reform requirements and supportive of the reform goals.
- The principal is supportive of reform implementation and the training necessary for school staff.
- The principal is somewhat skilled as a leader and skilled as a manager.
- Teachers are open to reform goals and the training necessary to support the reform requirements.
- Teachers possess content knowledge necessary to teach to applicable state standards.

Quality Indicators and Best Practices

The QEM is based on prototype schools designed to meet Oregon's high standards and provide a quality education for each student. Successful schools are created through systematic, proven strategies that become embedded in the core values and operating systems of the institution. Those strategies can be identified through Quality Indicators and educational best practices.

Quality Indicators are a set of educational practices and standards that suggest how effectively and efficiently Oregon's schools are functioning. It is critical to be able to make some assumptions about system functioning when determining the effects of various funding levels on the QEM's prototype schools. In schools that are not functioning effectively and efficiently, an increase in funds is not likely to result in a concomitant increase in student performance.

(More information on the Quality Indicators is found in Chapter VI.)

Key Quality Indicators

The QEM 2000 report listed 12 Quality Indicators that serve as a framework for schools. They are grouped into school-level, teacher-related, classroom-focused and student-centered factors as follows:

School

- Leadership that facilitates student learning
- Parental/community involvement
- Organizational adaptability
- Safe and orderly learning environment
- District policies to support learning

Teachers

- Teacher/teaching quality
- Professional development program
- Teacher efficacy

Classrooms

- Effective instructional programs and methods
- School database collection and analysis to improve instructional programs

Students

- Readiness to learn
- Connectedness to school, and engagement in academics and extra curricular programs

Best Practices

Best practices are strategies and programs that effect high student achievement. Successful schools and high student achievement do not happen without a clear, consistent plan, and the framework of successful schools goes beyond chance or the specific location of a school or community. Successful schools are created through systematic, proven strategies that become embedded in the core values and operating systems of the district. Best practices strategies and programs can be replicated in a variety of settings and modified to meet local resources and needs.

Best practices occur when:

- Each student has a personalized education program.
- Instructional programs and opportunities are focused on individual student achievement of high-quality standards.
- Curriculum and instructional activities are relevant to students' lives.
- Each student has access to a rich, varied elective co-curricular and extra-curricular program.
- The school makes data-informed decisions about the capability of programs to foster individual student achievement.
- The school provides and encourages connections with significant adults, including parents, mentors and other advisors, to ensure that each student develops a connection to the greater community, along with a strong sense of self.
- The school creates small learning environments that foster student connection.
- The school uses community-based and worksite learning as integral components of its instructional program.
- The school has a comprehensive induction program that guides recruitment and employment, and provides ongoing professional development programs.
- Time is considered a variable, not a constant, in achieving high student success.
- Cost-effective management of resources allows school districts to better meet the needs of the greatest numbers of students.

Individual Prototype Schools

The three prototype schools incorporate what research and practice show to be most important in helping students improve achievement, and they provide a level of resources that sustains that achievement. The prototypes are not richly staffed, but they do staff at levels that research and practice suggest will improve student learning and provide a high quality, balanced general education.

Each prototype school has:

- Adequate staffing
- Added instructional time and activities for students having trouble meeting standards
- Curriculum development and technology support
- On-site instructional improvement
- Professional development for teachers and administrators
- Assistance with CIM record-keeping
- Adequate classroom supplies
- Adequate funds for building maintenance

Elementary School – 340 Students

- All-day kindergarten
- Class size average of 20 in primary grades
- Class size of 24 in grades 4-5
- 4.5 FTE for specialists in areas such as art, music, P.E., reading, math, TAG, library, child development/counselor

Middle School – 500 Students

- Class size average of 22
- 1.0 additional teachers for math, English, science
- Alternative programs for special needs and at-risk students
- Volunteer coordinator and community outreach worker
- One counselor for every 250 students
- Adequate campus security

High School – 1,000 Students

- Class size average of 21
- 3.0 additional teachers for math, English, science
- Alternative programs for special needs and at-risk students
- Volunteer coordinator and community outreach worker
- One counselor for every 250 students
- Adequate campus security
- School-to-work coordinator

The following three tables are summaries that compare the main components in the prototype schools under two different scenarios: the current baseline versus the fully implemented prototype schools. The baseline schools are examples of prototype elementary, middle and high schools under current practice and funding levels, based on 2000-01 audited data. Funding levels for 2002-03 are currently lower than the 2001-02 baseline due to revenue shortfalls.

The components in the fully implemented prototypes represent the resources needed to meet the state's Quality Education Goals based on research, best practice, and professional judgment. These summaries also compare costs and performance expectations under the two funding levels. Additional information on the components of the fully implemented prototype schools are shown on pgs. 24-29.

Quality Education Model 2002

Prototype Elementary School – 340 Students

Baseline Compared to Full Prototype

	Baseline Prototype*	Full Prototype	Difference
Kindergarten	Half-day	**Full-day**	**Doubles learning time**
Average class size	24	**20 to 1 for grades K-3. Remains at 24 to 1 for grades 4-5**	**Cuts class size by 4 for grades K-3**
K-5 classroom teachers	13.5 FTE	**16.0 FTE**	**Adds 2.5 FTE**
Specialists for areas such as art, music, PE, reading, math, TAG, library/media, second language, or child development	2.2 FTE	**4.5 FTE**	**Adds 2.3 FTE**
Special Education licensed staff	1.0 FTE	**1.5 FTE**	**Adds 0.5 FTE**
English as a second language licensed staff	0.5 FTE	**1.0 FTE**	**Adds 0.5 FTE**
Licensed substitute teachers	$71 per student	$71 per student	
On-site instructional improvement staff	None	**0.5 FTE**	**Adds 0.5 FTE**
Instructional support staff	5.0 FTE	**6.0 FTE**	**Adds 1.0 FTE**
Additional instruction time for students not meeting standards: 20% of students	Limited	**Summer school, after-school programs, Saturday school, tutoring, etc.**	**Additional programs for 20% of students**
Professional development time for teachers	3 days	**Equivalent of 7 days to be used for extended contracts, substitute time, etc.**	**Equivalent of 4 additional days**
Leadership training for administrators	Limited	**Based on 4 days of training**	**4 additional days**
Students per computer	6	6	
Textbooks	$52 per student	**$62 per student**	**$10 per student**
Classroom materials & equipment	$52 per student	**$70 per student**	**$18 per student**
Other supplies	$65 per student	**$73 per student**	**$8 per student**
Operations and maintenance	$558 per student	$558 per student	
Student transportation	$305 per student	$305 per student	
Centralized special education	$70 per student	**$77 per student**	**$7 per student**
Technology Services	$106 per student	$106 per student	
Other centralized support	$100 per student	$100 per student	
District administrative support	$224 per student	$224 per student	
School cost per ADMw	**$4,939**	**$5,799****	**$860 per ADMw**
ESD support per ADMw	**$256**	**$236****	**-$20 per ADMw**
Total cost per ADMw in 2000-01 School Year	**$5,195**	**$6,034****	**$839 per ADMw**
Percent of students currently meeting standards			
Reading	3rd grade=84% / 5th grade = 77%	n/a	
Math	3rd grade=75% / 5th grade = 73%	n/a	
Percent of students expected to meet standards by year 2007			
Reading	3rd grade=88% / 5th grade = 82%	**90%**	
Math	3rd grade=82% / 5th grade = 80%	**90%**	

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

**Calculated based on ADMw with kindergarten at full-time.

Quality Education Model 2002

Prototype Middle School -- 500 Students

Baseline Compared to Full Prototype

	Baseline Prototype*	Full Prototype	Difference
Class size in core subjects of math, English, science, social studies, second language	23	**22, with maximum class size of 29 in core academic subjects**	**Cuts average class size by 1 in core subjects**
Staffing in core subjects	20.8 FTE	**21.0 FTE**	**Adds 0.2 FTE**
Extra teachers in math, English, and science	0.5 FTE	**1.5 FTE**	**Adds 1.0 FTE**
English as a second language licensed staff	0.5 FTE	**0.75 FTE**	**Adds 0.25 FTE**
Special Education licensed staff	3.0 FTE	3.0 FTE	
Media/Librarian	1.0 FTE	1.0 FTE	
Counselors	One for every 333 students	**One for every 250 students**	**Adds 0.5 FTE**
Licensed substitute teachers	$77 per student	$77 per student	
On-site instructional improvement staff	None	**1.0 FTE**	**Adds 1.0 FTE**
Instructional support staff	11.0 FTE	**10.0 FTE**	**Eliminates 1.0 FTE**
Additional instruction time for students not meeting standards: 20% of students	Limited	**Summer school, after-school programs, Saturday school, tutoring, etc.**	**Additional programs for 20% of students**
Professional development time for teachers	3 days	**Equivalent of 7days to be used for extended contracts, substitute time, etc.**	**Equivalent of 4 additional days**
Leadership training for administrators	Limited	**Based on 4 days of training**	**4 additional days**
Students per computer	6	6	
Textbooks	$49 per student	**$59 per student**	**$10 per student**
Classroom materials & equipment	$58 per student	**$73 per student**	**$15 per student**
Other supplies	$67 per student	**$81 per student**	**$14 per student**
Operations and maintenance	$592 per student	$592 per student	
Student transportation	$301 per student	$301 per student	
Centralized special education	$70 per student	**$77 per student**	**$7 per student**
Technology Services	$106 per student	$106 per student	
Other centralized support	$99 per student	$99 per student	
District administrative support	$224 per student	$224 per student	
School cost per ADMw	**$5,259**	**$5,738**	**$479**
ESD support per ADMw	**$236**	**$236**	
Total cost per ADMw in 2000-01 School Year	**$5,494**	**$5,974**	**$479**
Percent of students currently meeting standards			
Reading	62%	n/a	
Math	55%	n/a	
Percent of students expected to meet standards by year 2011			
Reading	68%	**90%**	
Math	62%	**90%**	

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

Quality Education Model 2002

Prototype High School -- 1,000 Students

Baseline Compared to Full Prototype

	Baseline Prototype*	Full Prototype	Difference
Class size in core subjects of math, English, science, social studies, second language	24	**21, with maximum class size of 29 in core academic subjects**	**Cuts average class size by 3 in core subjects**
Staffing in core subjects	42.0 FTE	**44.0 FTE**	**Adds 2.0 FTE**
Extra teachers in math, English, and science	None	**3.0 FTE**	**Adds 3.0 FTE**
English as a second language licensed staff	0.5 FTE	0.5 FTE	
Special Education licensed staff	3.75 FTE	3.75 FTE	
Media/Librarian	1.0 FTE	1.0 FTE	
Counselors	One for every 333 students	**One for every 250 students**	**Adds 1.0 FTE**
Licensed substitute teachers	$66 per student	$66 per student	
On-site instructional improvement staff	None	**1.0 FTE**	**Adds 1.0 FTE**
Instructional support staff	20.0 FTE	20.0 FTE	
Additional instruction time for students not meeting standards: 20% of students	Limited	**Summer school, after-school programs, Saturday school, tutoring, etc.**	**Additional programs for 20% of students**
Professional development time for teachers	3 days	**Equivalent of 7days to be used for extended contracts, substitute time, etc.**	**Equivalent of 4 additional days**
Leadership training for administrators	Limited	**Based on 4 days of training**	**4 additional days**
Students per computer	6	6	
Textbooks	$57 per student	**$82 per student**	**$25 per student**
Classroom materials & equipment	$71 per student	**$141 per student**	**$70 per student**
Other supplies	$73 per student	**$99 per student**	**$26 per student**
Operations and maintenance	$645 per student	$645 per student	
Student transportation	$317 per student	$317 per student	
Centralized special education	$70 per student	**$77 per student**	**$7 per student**
Technology Services	$106 per student	$106 per student	
Other centralized support	$106 per student	$106 per student	
District administrative overhead	$224 per student	$224per student	
School cost per ADMw	**$5,341**	**$6,058**	**$717**
ESD support per ADMw	**$236**	**$236**	
Total cost per ADMw in 2000-01 School Year	**$5,577**	**$6,294**	**$717**
Percent of students currently meeting standards			
Reading	52%	n/a	
Math	42%	n/a	
Percent of students expected to meet standards by year 2011			
Reading	57%	**82%**	
Math	50%	**82%**	

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

Costs for Meeting the Quality Goals

The QEM calculates the statewide cost of providing a quality education by determining a cost per student at each prototype school and multiplying that cost by the number of students statewide at each of those levels. The table below shows the State School Fund budget allocation for 2001-03, the amount needed to carry forward the program levels to the 2003-05 biennium (Current Service Level), and the cost to implement the best practices identified in the QEM for the 2003-05 biennium. The funding gap between the Current Service Level and the fully implemented model is estimated at $1.4 billion.

Full Prototype QEM –2002 *Chart #5*

	2001-03 Budget	2003-05 Budget	2003-05 Full QEM
State School Fund	$4.736 billion	$5.596 billion	$6.995 billion
Plus: Accrual Amount*	$0.211 billion		
Equals: Total Resources	$4.947 billion	$5.596 billion	$6.995 billion
Year 1 Amount Per ADMw	$5,079	$5,786	$6,589
Year 2 Amount Per ADMw	$5,247	$6,000	$6,832

**SB 1022 of the 5th Special Session allows accrual of part of the July 2003 payment back to the 2002 - 03 fiscal year.*

STUDENT PERFORMANCE PROJECTIONS

Setting Expectations

Oregon's Quality Education Goals set high expectations for students to gain a wide range of knowledge and skills that will prepare them for the challenges of the 21st century. Measuring student progress toward achieving those goals is difficult. The Commission recognizes that the most commonly accepted measures – results on state assessments – are too narrow to reflect the many dimensions necessary for students to meet their full potential. The Commission continued to use assessment scores as measures of student performance, but also recommends the development of other broader measures in the future.

The Commission examined current academic performance as measured by state assessments in reading and math, analyzed performance over time on those assessments at all benchmark levels, and looked closely at the score distributions over time and at benchmark levels. It sought to determine the 'cohort effects' realized as a group of students who benefited from full implementation of the model at the K-3 level moved to the grade 5 benchmark level, and so on up through the grade 10 benchmark.

The Commission reached the following general conclusions:

- The proportion of students reaching benchmark levels has generally increased over the past five years, with much greater and more consistent gains at the elementary level, and less consistent and considerably smaller gains as students moved through middle and high school.
- The improvement rate at grades 3 and 5 probably will slow without additional targeted resources and practices of the sort identified in the QEM, given the demographic shifts in the state.
- Middle schools may achieve some sustained improvement as successive cohorts reach middle school, with higher proportions of students meeting benchmark standards.
- Those gains subsequently will influence middle and high school trends so that significant improvement will occur at the secondary level, but over a greater period of time.
- High schools have the potential for the greatest improvement because the proportion of students meeting benchmark standards is the lowest of all benchmark levels.
- Trend extrapolations that assume full implementation of the QEM 2000 prototype schools suggest sustained improvement at grades 3 and 5, until 90 percent or more of students meet benchmark standards.

- Assumptions are based on both dimensions of the prototype schools being implemented: increased resources targeted to student learning, combined with consistent improvements in the Quality Indicators that identify effective educational practices and policies. With the current system and funding, and without the QEM focus, it is reasonable to assume that improvement rates will slow in future years as students still not at the standard are unable to meet reasonable education outcomes. If the funding gap continues to grow, gains in student growth will begin to stagnate and even decline.

Projections for reading and math are represented in the following graphs:

Chart #6

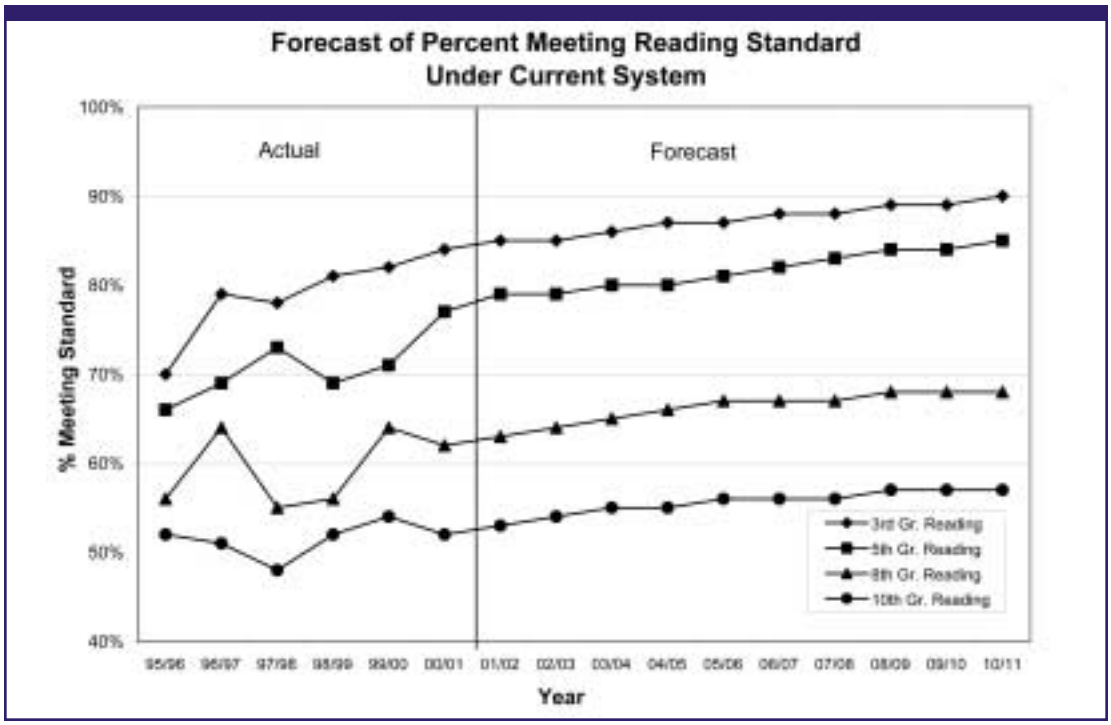
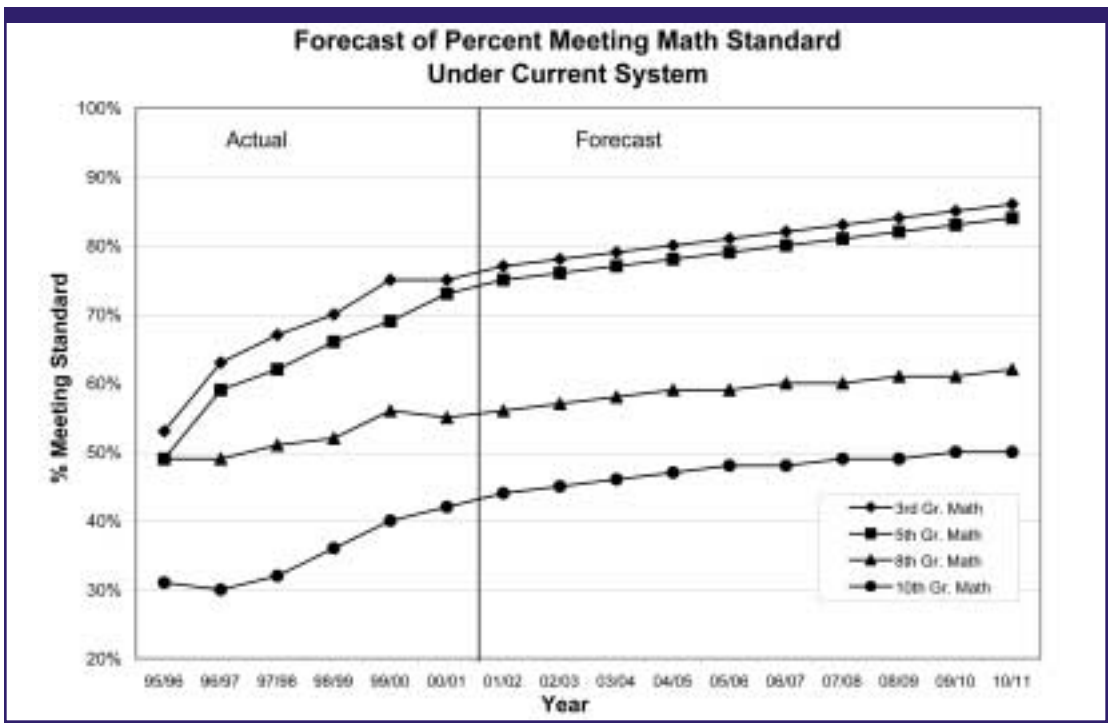


Chart #7



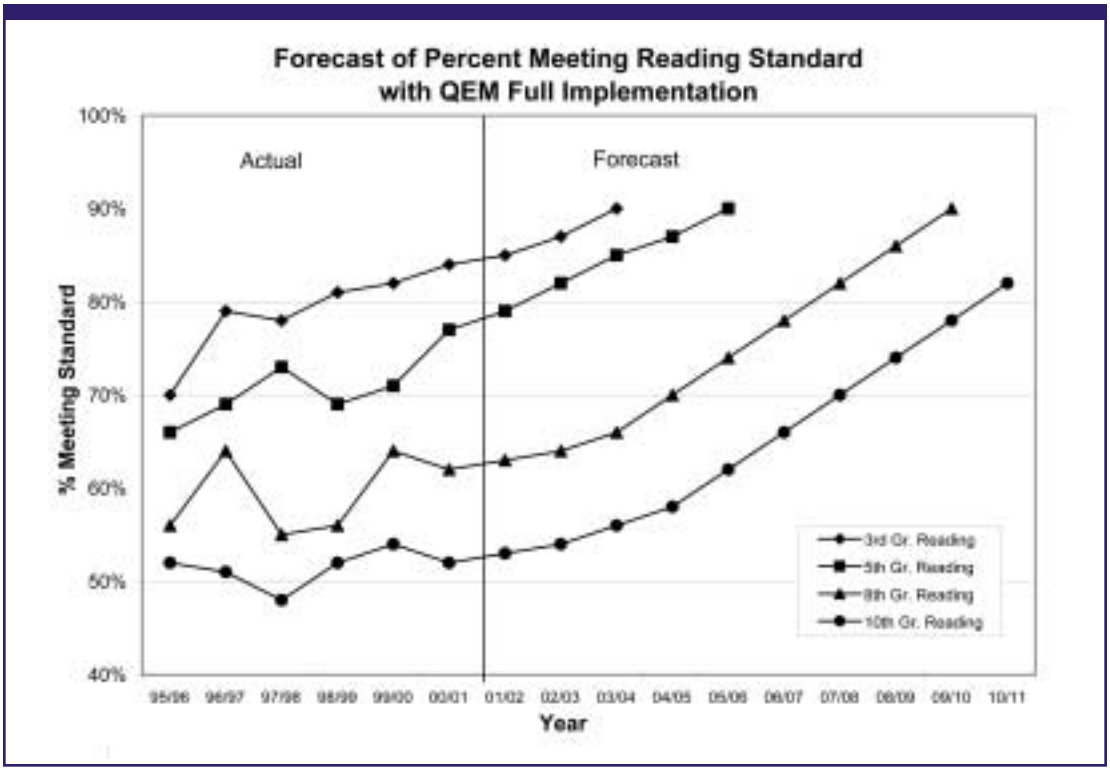


Chart #8

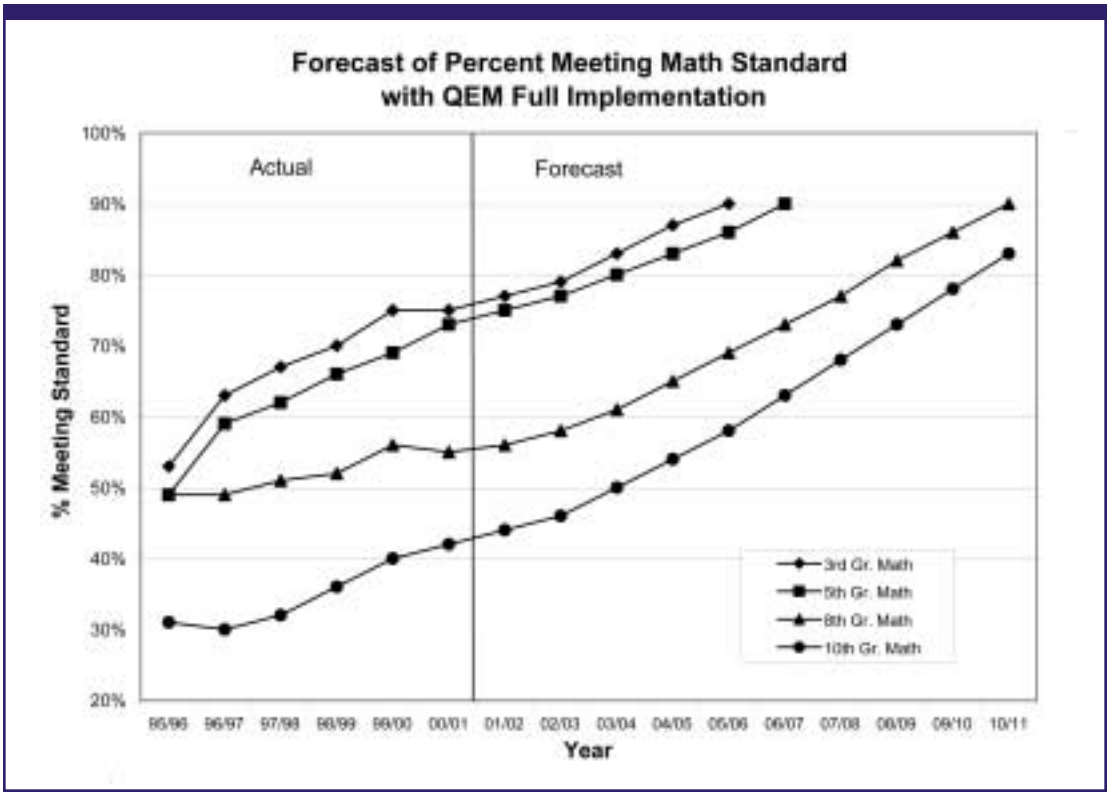


Chart #9

Note: At full implementation there has already been at least a one-year slippage in reading and math outcomes due to delays in adequate funding.

Alternatives for Meeting the Quality Goals

The Commission recommends full implementation of the best practices described in the model, but is keenly aware of the funding problems caused by the current economic downturn. The Commission believes, however, there are investments short of full prototype implementation that will significantly improve educational outcomes. The general priorities for implementation and improvement are:

a) Reading in the Early Grades

Continue the focus on developing reading skills in the early grades. In QEM 2000, the Commission agreed that developing reading skills provides an essential foundation for student success. Based on the Commission's recommendations, the 2001-03 education budget included $220 million to support reading. This funding was eliminated in the second year of the biennium due to revenue shortfalls.

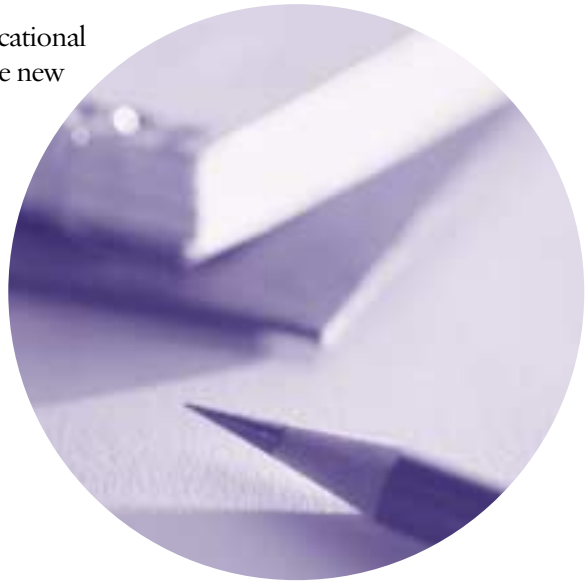
At the elementary school level, the goal was for at least 90 percent of students to be at or above state reading benchmarks for both grades 3 and 5 within four years. Middle school years would focus on sustaining and improving reading skills.

b) Staff Professional Development

Provide the training and skill development that teachers and principals need to deliver on all of the academic goals, but particularly to support the reading priority. Professional development opportunities for teachers should not decrease student instructional time. The Commission's expert panels noted the importance of linking training and skill development to success in meeting academic goals at all levels, and to attracting and retaining quality teachers.

c) High School Restructuring

Provide resources to support restructuring of educational services at the high school level consistent with the new graduation requirements and the need for more personalized, contextual learning.



OTHER ISSUES STUDIED BY THE COMMISSION

Effect of Federal Education Funding on Student Learning

Federal funds represent about 7 percent of the total operating resources available to Oregon's K-12 schools. Federal funds are categorical funds that must be used for specific purposes described in federal law, and they must be used to supplement, not supplant, state and local funds. In 2001-02, Oregon received $234 million in federal funds. Of that amount, 46 percent was earmarked for Title I programs for students in poverty. Another 33percent was for special education programs, and 10 percent was for programs to improve teacher quality.

Federal funds generally are targeted to high-poverty districts, and within districts, the highest-poverty schools receive most of the Title I allocations. However, low-poverty schools receiving Title I funds receive substantially higher allocations per low-income student ($1,035) than do high-poverty schools ($415). The lower per-student allocation for the highest poverty schools suggests that the federal dollars earmarked for students in poverty may not be reaching those schools with the greatest needs.

Federal funds available through Title I increase school resources, on a per-student basis, by about 12 percent for each student in poverty. Two independent estimates of the added resources required to close the achievement gap for students in poverty suggest, however, that high-poverty schools need about 28 percent more for each high-poverty student. It is unlikely, therefore, that Oregon will be able to close the achievement gap by relying on federal funds alone.

Because students in poverty tend to be concentrated in particular districts and, within districts, in particular schools, the current QEM prototype schools do not adequately capture the circumstances of high-poverty schools. Current QEM prototypes are based on statewide averages, so they are unable to account for the above-average resource needs of schools that have high concentrations of students in poverty. As a result, the current QEM is likely to understate the level of resources required to allow all students to meet the state's performance goals. The Quality Education Commission recommends that the QEM be expanded to include a prototype elementary school designed to represent schools with high concentrations of students in poverty. Determining the amount of funding needed statewide to close the achievement gap for students in poverty could be calculated by using the standard prototypes and adding an amount estimated by applying the per-pupil costs of the high-poverty prototype to the number of students in high-poverty schools.

Small Schools

The Department of Education recently evaluated the resource needs of small schools and districts in Oregon and how they compare to those of larger schools and districts. As part of the analysis, the Department and the University of Oregon developed three small-school prototypes: an elementary school of 84 students; a high school of 120 students; and, a grade 7-12 school of 180 students. In addition, the Department also used statistical methods to estimate a formal cost function for Oregon schools to evaluate how the per-student costs of achieving a given level of student performance vary as school and district size vary. The estimates from the cost function analysis are quite similar to those from the small-school prototypes.

Study results indicate that school size has a dramatic effect on the per-student costs of attaining a given level of student performance, both for elementary and high schools. District size also affects per-student costs, but to a lesser extent than school size. Based on these results, the Quality Education Commission recommends that the QEM be expanded to include small-school prototypes to capture the higher costs of operating those schools. Because Oregon has a relatively large number of small schools, adding those prototypes should improve the accuracy of the QEM in estimating statewide resource needs and evaluating the impacts of policy proposals.

III.

The Commission used an extensive, broad-based review process to examine the QEM. Commissioners received advice from national experts in the field, selected state leaders, staff working in local schools and local patrons. To review the model's specific components, three panels were formed to conduct additional research and make recommendations to the Commission. The panels were comprised of business and industry leaders, teachers, principals, superintendents, parents, educational policy experts, school business managers, school board members, college professors and representatives from education associations.

Panels focused on three key and interrelated areas:

- Best Practices Panel: What practices should school staff use to achieve high academic success, and what key indicators should be present to ensure that those practices occur?
- Cost Panel: What recommendations would improve the model as a tool to support policy decisions regarding state school funding?
- Equity Panel: What methodology exists for assessing costs of special populations, including special education, second language and poverty? What conceptual framework allows for the review of the fairness of the funding distribution model?

Each panel studied the QEM 2000 and the impact that original model had on school design and academic progress. Panels then studied current research and updated financial and academic performance data to review the model's alignment with current information. All panels tried to retain the structures of each prototype school unless compelling information indicated the need for change.

Changes in the Elementary and Middle School Models

In reviewing QEM 2000, the Commission made minor changes to the elementary and middle school prototypes to reflect increases in the number of English Language Learners (ELL) at those levels, and to recognize the increasing importance of technology in the instructional process. The following changes are included in QEM 2002 prototype schools:

Elementary Prototype Model

- Reallocated resources to support technology
- Additional support to meet the needs of ELL

Middle School Prototype Model

- Reallocated resources to support technology and media services
- Additional support to meet the needs of ELL

Changes in the High School Model

Changes recommended in the high school prototype reflect the growing need to address a diverse student body and the high expectations for post-high-school preparation. Emphasis is placed on connectedness with other students, staff and significant adults, as well as the instruction and activities at the school. Personalizing learning, and connecting students to significant adults and specific activities, are seen as keys to academic success and a high-performing school system. The following general changes are included in the prototype high school:

High School Prototype Model

- Smaller class size focusing on core subjects and CIM/CAM/PASS standards
- Additional staff to increase student involvement in school activities
- Reallocated resources to support technology and media services
- Personalized education plans and mentor teachers
- Increased expectations in the number of courses taken during four years

Staffing Reorganization

- All staff is divided across disciplines into four learning communities. Each learning community will be responsible for a portion of the school population. The counseling staff will serve as team leaders, coordinating each learning community.
- Licensed staff is assigned a student-mentor team of 15-18 students. Responsibilities will include:
  - Helping students develop a personalized educational plan.
  - Mentoring students' academic progress.
  - Advocating for career-related learning opportunities.
  - Organizing and leading the evaluation of the career-related learning project.
- Mentor teams meet regularly, and formally review and modify personalized learning plans bi-annually.
- Academic departments meet across disciplines to coordinate joint student projects and learning. Courses emphasize thematic learning through integrated curriculum.
- All staff receive professional growth opportunities in:
  - Reading instruction
  - Personal educational planning for students
  - Interdisciplinary planning and course work development

Restructuring the High School

High schools of the future must personalize learning to meet the specific needs of every student and challenge students to demonstrate high academic performance. One method, outlined below, creates small learning communities within the structure of current large high schools. Small learning communities personalize and connect students to learning, both in the classroom and the community.

Small Learning Community Assumptions

- Daily schedule is four classes per day, with 20 minutes daily advising time.
  - 14 teachers work with 250 students for a two-period block of time.
  - Overall class size average is 25.
  - Teachers are in class three of four periods, plus a 20-minute advising time.
  - All licensed staff meet with their mentor group daily.
  - Students take four classes per day, whether in or out of the classroom.
  - Each student has an advisor. Advisor/student ratio is 1:17.
- 10 percent of juniors and seniors are involved in career-related learning, mentorships or independent study during each period of the day.
- 5 percent of juniors and seniors are taking college courses during each period of the day.
- .5 FTE classified staff work with each group of 250 students to arrange volunteer placements and community outreach opportunities.
- Classes include multi-aged and multi-grade groupings.
- 50 percent of the small learning community classes are integrated and thematic.
- Instruction combines large group, team and individual instruction.
- Core instructional support services are targeted to help students reach standards and reduce the dropout rate.
- 75 percent of students are engaged in at least one co-curricular activity.
- Each student has a positive relationship with an adult who knows him or her well, and who cares about his or her well-being and academic success.
- Students have core learning academic support.
- Students receive community/school-based career learning.
- Professional growth expectations are established for all staff.

School Centered Services

- All students take a minimum of four classes daily during each of four years.
- The media center, learning lab and newcomers' center are staffed before school and in the evening for academic assistance and student projects.
- Co-curricular programs and student activities are organized during the school day and do not conflict with core academic programs. Extra-curricular programs are scheduled to have the least possible impact on the regular school day.
- Social services are on site or in an adjacent facility to support student attendance and reduce the dropout rate.

Full Prototype Models

The following charts describe the prototype elementary, middle and high school models under full implementation of QEM 2002. The component costs are calculated using the 2000-01 financial data provided by local school districts.

Oregon Quality Education Model 2002: Elementary School - 340 Students

Program Element:	Component	FTE	Component cost (2000-01)	Explanation/Assumptions	Comments
Teacher salary assumption	$44,510			2000-01 Average Salary=$44,510 for elementary school teachers. Does not include benefits.	Calculation of average salary includes employee contribution to PERS for districts that pay it for their employees.
Principal salary assumption	$72,488			2000-01 Average Salary=$72,488 for elementary school principals. Does not include benefits.	Calculation of average salary includes employee contribution to PERS for districts that pay it for their employees.
Classified employee wage rate assumption	$12.40			Average wage rate for classified employees. Does not include benefits.	Hourly wage data from Oregon Education Association.
Principal's secretary wage rate assumption	$13.00			Average wage rate for secretarial job classifications. Does not include benefits.	Hourly wage data from Oregon Education Association.
Contract Benefits	$7,438			Assumes $7,438 for every employee.	Estimated based on DBI data.
Other Benefits	22.38%			Employer payroll taxes, employer PERS contribution, and early retirement incentive payments.	Based on federal tax rates, PERS employer contribution rate, and DBI data for early retirement incentive payments.
Core instructional staff	Kindergarten	2.00	123,819	K=40: 0.85 FTE @ 20:1 with full-day Kindergarten.	
	Grades 1-3	9.00	557,184	1-3=180 students. Class size=20.	
	Grades 4-5	5.00	309,547	4--5=120 students. Class size=24.	
	Program staff: music, PE, art, media/librarian, second language, reading specialist, math specialist, TAG facilitator, child development specialist	4.50	278,592	Schools choose staff to best meet their specific needs.	
	English as a Second Language (ESL)	1.00	61,909	Assumes 13% of students are English Language Learners = 44 students.	Percentage ESL from DBI data.
	Special education staffing	1.50	92,864	40 spec. ed. students. Teachers teach 5 of 6 classes to allow time for paperwork, IEP meetings. Assumes high-cost students are funded directly by the state.	Itinerant services for areas like speech pathologist, school psychologist. Includes Medicare offset. Excludes services provided with Federal and ESD funds (included elsewhere in the model).
	Licensed substitute teachers for general instruction		21,080	$62 per student times 340 students.	Per student expenditures from DBI data.
	Licensed substitute teachers for special education		3,060	$9 per student times 340 students.	Per student expenditures from DBI data.
Additional instructional time for students to achieve standards	Licensed	3.00	13,320	60 students - 4wks summer schl 1/2 days- 3 licensed staff, 1 wk full-time preparation and 4wks 1/2 teaching = 15 staff days @ $296/day.	Summer school and extra time focused on students with most need and motivation. Not available to all students. Annual salary converted to daily basis (assuming 185 days) plus PERS and federal payroll taxes.
	Classified	1.00	1,800	1 classified staff, 1 wk preparation and 4wks 1/2 time school =15 days @ $120/day.	8 hours per day times wage rate of $12.40 plus benefits at rate of 20% (excludes early retirement portion).
	Supplies		1,260	60 students @ $21 per student.	
	Other activities		12,660	Saturday school, tutoring, after school programs.	
Instructional improvement		0.50	30,510	Curriculum Development specialist to help teachers teach to standards, administer assessments, score work samples.	
Instructional support staff	Special education	1.00	29,530	185 days per year.	Classified wage rate estimates based on OSEA survey. School is free to distribute these support positions in whatever configuration is most consistent with achieving higher standards at that school.
	Classified	4.00	118,121	185 days per year. Positions such as records clerk, parent involvement coordinator, playground supervisor, family resource center coordinator, technology specialist.	
	Secretary	1.00	33,729	210 days per year.	
Administrative accountability	Principal	1.00	94,699	Average salary based Dept. of Education certificated personnel databases.	Salary data from ODE certificated personnel file.
	Supplies and materials		1,700	Newsletters, report cards, copying. $5 per student times 340 students.	Estimated based on DBI data.
Computer hardware/software	Hardware including student and administrative		17,000	Purchases 20% new computers per year. 20% of 85 = 17 computers @ $1,000 per computer.	5 students per computer, 1 computer for each instructional & administrative staff. Total of 85 computers.
	Software		5,950	Each new machine licensed software from replacement machine plus $150/machine.	In QEM 2000, only new computers received software upgrades.
	Network upkeep/upgrades		4,500	Upgrade and maintenance of network hardware and software.	Not included in QEM 2000.
Supplies, books, materials	Texts, consumables, classroom sets		21,080	$62 per student times 340 students.	Some schools do not use texts. Funds could be redirected to school-produced materials.
	Classroom materials & equipment		23,800	$70 per student times 340 students.	Includes video, tvs for classes, globes, maps, science equipment, etc.
	Copying		9,180	1670 copies per student @ $.016 per copy = $27 per student times 340 students.	Classroom-related, administrative.

Oregon Quality Education Model 2002: Elementary School - 340 Students

Program Element:	Component	FTE	Component cost (2000-01)	Explanation/Assumptions	Comments
	Media center materials		10,540	Library books, reference materials, subscriptions. $31 per student times 340 students.	Library books, reference materials, subscriptions.
	Teacher reimbursement of materials purchases		3,400	Out-of-pocket teacher expenses for materials/supplies @ $10 per student times 340 students.	
Extra-curricular activities			0	Elementary school extra-curricular activities are assumed to be self-supporting through fund-raising.	
Professional training & development	7 days of teacher professional development related to standards and assessments	23.50	34,710	$211 per diem- District/school discretion on how this is used: teacher training, teacher collaboration and team planning, or other professional development activities.	Schools can use a combination of extended contract, stipends, per diem to compensate teachers.
	Materials, Travel,		5,593	$238 per teacher.	
	Consultants		1,000		
	Special ed. support staff-7 days	1.00	742	$106 per day.	
	Leadership training for Principal--4 days	1.00	1,268	$317 per day.	Baseline has zero days.
Building support costs: Costs distributed to each building	Food services		0	Assumes self-supporting food services program.	
	Student transportation		103,700	$305 per student times 340 students.	Statewide average for elementary schools
	Technology services		36,040	Computer networks, telephones, voice mail - $106 per student times 340 students.	Estimated based on DBI data.
	Operation, plant maintenance		189,720	Custodian, maintenance staff, utilities, security system - $558 per student times 340 students.	Estimated based on DBI data.
	Other support services		14,280	Warehouse, courier service, community facilities (pool, library) - $42 per student times 340 students.	Estimated based on DBI data.
	Centralized special education		26,180	Self-contained schools, other students who are not served at the building level - $77 per student times 340 students.	Increase of 10% relative to Baseline.
	Centralized curriculum development, assessment		19,720	Centralized curriculum development, assessment, and other instructional improvement services - $58 per student times 340 students.	Estimated based on DBI data.
District administrative support	Executive administration: Board of Education, superintendent		32,640	$96 per student times 340 students.	Estimated based on DBI data.
	Business & Fiscal Services		28,220	$83 per student times 340 students.	Estimated based on DBI data.
	Personnel Services		12,240	$36 per student times 340 students. Includes district supplemental retirement incentives.	Estimated based on DBI data.
	Public Information		3,060	$9 per student times 340 students.	Estimated based on DBI data.
Total School Cost			**$2,389,946**		
School Cost Per Pupil			**$7,029**		
School cost per ADMw			**$5,799**		
Education Service District support	Special Education Services		26,860	$79 per student times 340 students.	Based on DBI data. Does not include cash payments to districts, which are included as expenditures in other categories above.
	Instructional Support		39,440	$116 per student times 340 students.	
	Technoogy Services		9,860	$29 per student times 340 students.	
	Central Services		4,080	$12 per student times 340 students.	
	ESD Administration		17,000	$50 per student times 340 students.	
Total Cost			**$2,487,186**		
Total Cost per Pupil			**$7,315**		
Total Cost per ADMw			**$6,034**		

Oregon Quality Education Model 2002: Middle School - 500 Students

Program Element:	Component	FTE	Component cost (2000-01)	Explanation/Assumptions	Comments
Teacher salary assumption	$44,213			2000-01 Average Salary=$44,213 for middle school teachers. Does not include benefits.	Calculation of average salary includes employee contribution to PERS for districts that pay it for their employees.
Principal salary assumption	$77,710			2000-01 Average Salary=$77,710 for middle school principals. Does not include benefits.	Calculation of average salary includes employee contribution to PERS for districts that pay it for their employees.
Assistant Principal salary assumption	$66,773			2000-01 Average Salary=$66,773 for middle school assistant principals. Does not include benefits.	Calculation of average salary includes employee contribution to PERS for districts that pay it for their employees.
Classified employee wage rate assumption	$12.40			Average wage rate for classified employees. Does not include benefits.	Hourly wage data from Oregon Education Association.
Principal's secretary wage rate assumption	$13.00			Average wage rate for secretarial job classifications. Does not include benefits.	Hourly wage data from Oregon Education Association.
Contract Benefits	$7,438			Assumes $7,438 for every employee.	Estimated based on DBI data for 2000-01
Other Benefits	22.38%			Employer payroll taxes, employer PERS contribution, and early retirement incentive payments.	Based on federal tax rates, PERS employer contribution rate, and DBI data for early retirement incentive payments.
Core instructional staff	English, math, science, social sciences, second languages, the arts	21.00	1,292,463	Each student takes English, math, science, social science, second lang (at least 1 yr), arts (at least 1 yr). Average class size=25.	Students take 7 of 8 classes. Teachers teach 6 of 8 classes.
	Additional teacher in math, English, science	1.50	92,319	To provide smaller classes in these areas to develop key literacy, numeracy, scientific reasoning skills.	Each school to decide how best to deploy extra resources
	English as a Second Language (ESL)	0.75	46,159	Assumes 8% of students are English Language Learners = 40 students.	Percentage ESL from DBI data.
	Media/Librarian	1.00	61,546		
	Special education and alternative education staffing	3.00	184,638	60 spec. ed. students. Teachers teach 5 of 8 classes to allow time for paperwork, IEP meetings. Assumes high-cost students are funded directly by the state.	Itinerant services for areas like speech pathologist, school psychologist. Includes Medicare offset. Excludes services provided with Federal and ESD funds (included elsewhere in the model).
	Licensed substitute teachers for general instruction		34,000	$68 per student times 500 students	Estimated based on DBI data.
	Licensed substitute teachers for special education		4,500	$9 per student times 500 students	Estimated based on DBI data.
	Counseling/Child Development Specialist	2.00	123,092	1:250 as per accreditation guidelines	Run student support groups, family liaison, crisis intervention, peer mediation, drug & alcohol, some academic advising.
Additional instructional time for students to achieve standards	Licensed	6.50	28,860	100 students - 4wks summer schl 1/2 days=6.5 licensed staff, 1 wk full-time preparation and 4wks 1/2 days teaching = 15 staff days @ $296/day @ 15:1	Summer school and extra time focused on students with most need and motivation. Not available to all students. Annual salary converted to daily basis (assuming 185 days) plus PERS and federal payroll taxes.
	Classified	7.00	1,800	1 classified staff, 1 wk full-time preparation and 4wks 1/2 days=15 staff days @ $120/day	8 hours per day times wage rate of $12.40 plus benefits at rate of 20% (excludes early retirement portion).
	Supplies		2,100	Assumes 100 students at $21 per student	
	Other activities		42,300	Saturday school, tutoring, after school programs. Assumes 100 students at $423 per student	
Instructional improvement		1.00	60,662	Curriculum Development specialist to help teachers teach to standards, administer assessments, score work samples plus release periods for 5 other teachers to help departments	
Instructional support staff	Principal's secretary	1.00	39,989	260 days per yr	Classified wage rate estimate based on OEA survey. School is free to distribute these support positions in whatever configuration is most consistent with achieving higher standards at that school.
	School nurse	0.50	30,331	Licensed staff rate	
	Special education	1.50	44,295	185 days per year	
	Attendance	1.00	29,530	185 days per year	
	Additional support	1.00	29,530	185 days per year	
	Community outreach	1.00	33,710	220 days per year	
	Family resource center coordinator	0.00	0	185 days per year	
	Volunteer coordinator	1.00	33,710	220 days per year	
	Media center assistant	1.00	33,710	220 days per year	
	Receptionist	1.00	29,530	185 days per year	
	Campus monitor	1.00	29,530	185 days per year	
Administrative accountability	Principal	1.00	100,985	Salary plus benefits. Salary is average for middle school principals.	Salary data from ODE certificated personnel file.
	Assistant principal	1.00	87,819	Salary plus benefits. Salary is average for middle school assistant principals.	Salary data from ODE certificated personnel file.
	Teacher leadership		19,000	Department chairs, lead teachers. $38 per student times 500 students.	
	Supplies and materials		5,000	Newsletters, report cards, copying. $10 per student times 500 students.	Estimated based on DBI data for 2000-01
Computer hardware/ software	Hardware including student and administrative		21,000	Purchases 20% new computers per year (16 student, 5 staff = 21) @ $1,000 per computer.	6 students per computer, 1 computer for each instructional & administrative staff. Total of 105 computers.

Oregon Quality Education Model 2002: Middle School - 500 Students

Program Element:	Component	FTE	Component cost (2000-01)	Explanation/Assumptions	Comments
	Software		7,350	Software for new computers plus upgrades for one third of existing computers each year at $150 per machine.	In QEM 2000, only new computers received software upgrades.
	Network upkeep/upgrades		6,000	Upgrade and maintenance of network hardware and software.	Not included in QEM 2000.
Supplies, books, materials	Texts, consumables, classroom sets		29,500	$59 per student times 500 students	Some schools do not use texts. Funds could be redirected to school-produced materials.
	Classroom materials, all equipment, supplies		36,500	Includes video, tvs for classes, globes, maps, science equipment, etc. $73 per student times 500 students.	Includes video, tvs for classes, globes, maps, science equipment, etc.
	Copying		11,000	1400 copies per student @ .016 per copy = $22 per student times 500 students.	Classroom-related, administrative.
	Media center materials		19,500	Library books, reference materials, subscriptions. $39 per student times 500 students	Library books, reference materials, subscriptions.
	Teacher reimbursement of materials purchases		5,000	Out-of-pocket teacher expenses for materials/supplies. $10 per student times 500 students	
Extra-curricular activities	Extracurricular expenditures		65,000	Clubs, drama, debate, newspaper, FFA, athletics, outdoor school. $130 per student times 500 students	Estimated based on DBI data.
Professional training & development	7 days of teacher professional development related to standards and assessments	33.25	44,679	$211 per diem- District/school discretion on how this is used: teacher training, teacher collaboration and team planning, or other professional development activities.	Schools can use a combination of extended contract, stipends, or per diem to compensate teachers.
	Materials, Travel,		7,200	$238 per licensed staff	
	Consultants		1,000		
	Special ed. support staff-7 days	7.50	1,113	$108 per day	
	Leadership training for principal and assistance principal--4 days	2.00	2,536	$317 per day	Baseline assumes zero days.
Building support costs: Costs distributed to each building	Food services		0	Assumes self-supporting food services program	
	Student transportation		150,500	$301 per student	Statewide average for middle schools
	Technology services		53,000	Computer networks, telephones, voice mail. $106 per student	Estimated based on DBI data.
	Operation, maintenance of plant		296,000	Custodian, maintenance staff, utilities, security system, roof repair, general upkeep. $592 per student times 500 students	Estimated based on DBI data.
	Other support services		20,500	Warehouse, courier service, community facilities (pool, library). $41 per student times 500 students	Estimated based on DBI data.
	Centralized special education		38,500	Self-contained schools, other students who are not served at the building level. $77 per student times 500 students	Increase of 10% relative to Baseline.
	Centralized curriculum development, assessment		29,000	Centralized curriculum development, assessment, and other instructional improvement services - $58 per student times 500 students	Estimated based on DBI data.
District administrative support	Executive administration (Board of Education, superintendent)		48,000	$96 per student times 500 students	Estimated based on DBI data.
	Business & Fiscal Services		41,500	$83 per student times 500 students	Estimated based on DBI data.
	Personnel Services		18,000	$36 per student times 500 students. Includes district supplemental retirement incentives	Estimated based on DBI data.
	Public Information		4,500	$9 per student times 500 students	Estimated based on DBI data.
Total School Cost			**$3,477,985**		
School Cost Per Pupil			**$6,956**		
School cost per ADMw			**$5,738**		
Education Service District support	Special Education Services		39,500	$79 per student times 500 students	Based on DBI data for 2000-01. Does not include cash payments to districts, which are reflected in school-level and centralized district spending.
	Instructional Support		58,000	$116 per student times 500 students	
	Technology Services		14,500	$29 per student times 500 students	
	Central Services		6,000	$12 per student times 500 students	
	ESD Administration		25,000	$50 per student times 500 students	
Total Cost			**$3,620,985**		
Total Cost per Pupil			**$7,242**		
Total Cost per ADMw			**$5,974**		

Oregon Quality Education Model 2002: High School - 1,000 Students

Program Element:	Component	FTE	Component cost (2000-01)	Explanation/Assumptions	Comments
Teacher salary assumption	$45,274			2000-01 Average Salary=$45,274 for high school teachers. Does not include benefits.	Calculation of average salary includes employee contribution to PERS for districts that pay it for their employees.
Principal salary assumption	$80,968			2000-01 Average Salary=$80,968 for high school principals. Does not include benefits.	Calculation of average salary includes employee contribution to PERS for districts that pay it for their employees.
Assistant Principal salary assumption	$69,632			2000-01 Average Salary=$66,773 for high school assistant principals. Does not include benefits.	Calculation of average salary includes employee contribution to PERS for districts that pay it for their employees.
Classified employee wage rate assumption	$12.40			Average wage rate for classified employees. Does not include benefits.	Hourly wage data from Oregon Education Association.
Principal's secretary wage rate assumption	$13.00			Average wage rate for secretarial job classifications. Does not include benefits.	Hourly wage data from Oregon Education Association.
Contract Benefits	$7,438			Assumes $7,438 for every employee.	Estimated based on OBI data.
Other Benefits	22.38%			Employer payroll taxes, employer PERS contribution, and early retirement incentive payments.	Based on federal tax rates, PERS employer contribution rate, and OBI data for early retirement incentive payments.
Core instructional staff	English, math, science, social sciences, second languages, the arts	44.00	2,765,150	Each student will take courses in English, math, science, social studies, second language, and the arts to meet state requirements and CAM. Average class size=24.	Assumes teachers teach 3/4 of classes in a day (3 of 4 or 6 of 8). Assumes students are taking 7 of 8 classes. Students take courses necessary to meet graduation requirements with a minimum of 8 electives.
	Additional teacher in math, English, science	3.00	188,533	To provide smaller classes in these areas to develop key literacy, numeracy, scientific reasoning skills.	Each school to decide how best to deploy extra resources.
	English as a Second Language (ESL)	0.50	31,422	Assumes 6% of students are English Language Learners = 60 students.	Percentage ESL from OBI data.
	Media/Librarian	1.00	62,844		
	Special education staffing	3.75	235,666	120 spec. ed. students. Teachers teach 5 of 8 classes to allow time for paperwork, IEP meetings. Assumes high-cost students are funded directly by the state.	Itinerant services for areas like speech pathologist, school psychologist @ .75. Includes Medicare offset. Excludes services provided with Federal and ESD funds.
	Additional special student programs	2.50	157,111	Alternative ed., teen parent, adjudicated students, home tutors.	
	Licensed substitute teachers for general instruction		70,000	$70 per student times 1,000 students.	Estimated based on OBI data.
	Licensed substitute teachers for special education		8,000	$8 per student times 1,000 students.	Estimated based on OBI data.
	Counseling	4.00	251,377	1:250 as per accreditation guidelines.	Run student support groups, family liaison, crisis intervention, peer mediation, drug & alcohol, some academic advising.
	Co-curricular/activities director	1.00	62,844	Licensed staff salary level.	Not a full-time position in the Baseline.
Additional Instructional Time for Students to Achieve Standards	Licensed	13.00	57,720	200 students - 4wks summer sch/ 1/2 days-13 licensed staff, 1 wk full-time preparation and 4wks 1/2 days teaching = 15 days of staff time @ $296/day @ 15:1	Summer school and extra time focused on students with most need and motivation. Not available to all students. Annual salary converted to daily basis (assuming 185 days) plus PERS and federal payroll taxes.
	Classified	2.00	3,600	2 classified staff, 1 wk full-time preparation and 4wks 1/2 days=15 staff days @ $120/day.	8 hours per day times wage rate of $12.40 plus benefits at rate of 20% (excludes early retirement portion).
	Supplies		4,200	Assumes 200 students at $21 per student.	
	Other activities		84,600	Saturday school, tutoring, after school programs. Assumes 200 students at $423 per student.	
Instructional Improvement		1.00	61,939	Curriculum Development specialist to help teachers teach to standards, administer assessments, score work samples plus release periods for 5 other teachers to help departments.	
Instructional Support Staff	Principal's secretary	1.00	39,988	260 days per year	Classified wage rate based on OEA survey. School is free to distribute these support positions in whatever configuration is most consistent with achieving higher standards at that school.
	School Nurse	1.00	61,939	Licensed staff rate	
	Special education	2.00	59,060	185 days per year	
	Support staff for alternative education and teen parent	1.50	50,565	220 days per year	
	Counseling office	1.00	33,710	220 days per year	
	School-to-work coordinator	1.00	33,710	220 days per year	
	Registrar	1.00	38,486	260 days per year	
	Attendance	1.00	29,530	185 days per year	
	Community outreach	1.00	29,530	185 days per year	
	Family resource center coordinator	0.00	0	185 days per year	
	Departmental support	2.00	59,060	185 days per year	
	Bookkeeper	1.00	38,486	260 days per year	
	Volunteer coordinator	1.00	33,710	220 days per year	
	Health clerk	0.50	14,765	185 days per year	
	Media center assistant	1.00	33,710	220 days per year	
	Receptionist	1.00	29,530	185 days per year	
	Campus monitor	3.00	88,590	185 days per year	
Administrative Accountability	Principal	1.00	104,907	Salary plus benefits. Salary is average for high school principals.	Salary data from ODE certificated personnel file.
	Assistant principals	2.00	182,522	Salary plus benefits. Salary is average for high school assistant principals.	Salary data from ODE certificated personnel file.
	Teacher leadership		55,000	Department chairs, lead teachers. $55 per student times 1,000 students.	

Oregon Quality Education Model 2002: High School - 1,000 Students

Program Element:	Component	FTE	Component cost (2000-01)	Explanation/Assumptions	Comments
	Supplies and materials		10,000	Newsletters, report cards, copying. $10 per student times 1,000 students.	Estimated based on OBI data.
Computer Hardware/ Software	Hardware including student and administrative		45,000	Purchase 20% new computers per year (32 student, 10 staff, 3 office = 45) @ $1,000 per computer	6 students per computer; 1 computer for each instructional & administrative staff. Total of 225 computers.
	Software		15,750	Software for new computers plus upgrades for one third of existing computers each year at $150 per machine.	In QEM 2000, only new computers received software upgrades.
	Network upkeep/upgrades		15,000	Upgrade and maintenance of network hardware and software.	Not included in QEM 2000.
Supplies, Books, Materials	Texts, consumables, classroom sets		82,000	$82 per student times 1,000 students.	Some schools do not use texts. Funds could be redirected to school-produced materials.
	Classroom materials, all equipment, supplies		141,000	Includes video, tvs for classes, globes, maps, science equipment, etc. $141 per student times 1,000 students	Includes video, tvs for classes, globes, maps, science equipment, etc.
	Copying		23,000	1467 copies per student @ .016 per copy = $23 per student	Classroom-related, administrative.
	Media center materials		56,000	Library books, reference materials, subscriptions. $56 per student times 1,000 students	Library books, reference materials, subscriptions.
	Teacher reimbursement of materials purchases		10,000	Out-of-pocket teacher expenses for materials/supplies. $10 per student times 1,000 students	
Extra-Curricular Activities	Coaching	37.00	190,328	Average coaching stipend of $5,144 including benefits	Amount of stipend is from OSBA survey of teacher salaries and benefits.
	Other extracurricular sponsors	12.00	84,728	Licensed staff to direct activities promoting student connectedness. Clubs, drama, debate, newspaper, FFA, DECA, FBLA @ $5,144 per stipend plus $23 per student in supplies, materials, transportation, etc.	Estimated based on OBI data.
	Athletic event-related expenses		21,000	Referees, uniforms, event supervision, league fees. $21 per student times 1,000 students	Athletic participation & gate receipts fee cover other costs
	Other extracurricular materials and supplies		0	Assumed to be self-supporting through user fees.	
Professional Training & Development	7 days of teacher professional development related to standards and assessments	60.75	89,728	$211 per diem- District/school discretion on how this is used: teacher training, teacher collaboration and team planning, or other professional development activities.	Schools can use a combination of extended contract, stipends, or per diem to compensate teachers.
	Materials, Travel,		14,459	$238 per staff member	
	Consultants		3,000		
	Special ed. and Alternative ed. support staff-7 days	3.50	2,597	$106 per day	Training focused on special ed. and alternative ed. support staff.
	Leadership training for principal and assistance principals	3.00	3,804	$317 per day	Baseline assumes zero days.
Building Support Costs: Costs Distributed to Each Building	Food services		0	Assumes self-supporting food services program.	Some, but not all, districts can run on a self-supporting basis.
	Student transportation		317,000	High school transportation is state-mandated unless district receives a waiver. $317 per student times 1,000 students.	Statewide average for high schools.
	Technology services		106,000	Computer networks, telephones, voice mail, student records, administrative computing services. $106 per student times 1,000 students.	Estimated based on OBI data.
	Operation, maintenance of plant		645,000	Custodian, maintenance staff, utilities, security system, roof repair, general upkeep. $645 per student times 1,000 students.	Estimated based on OBI data.
	Other support services		48,000	Warehouse, courier service, community facilities (pool, library) $48 per student times 1,000 students.	Estimated based on OBI data.
	Centralized special education		77,000	Self-contained schools, other students who are not served at the building level. $77 per student times 1,000 students.	Increase of 10% relative to Baseline.
	Centralized curriculum development, assessment		58,000	Centralized curriculum development, assessment, and other instructional improvement services - $58 per student times 1,000 students.	Estimated based on OBI data.
District administrative support	Executive administration (Board of Education, superintendent)		96,000	$96 per student times 1,000 students.	Estimated based on OBI data.
	Business & Fiscal Services		83,000	$83 per student times 1,000 students.	Estimated based on OBI data.
	Personnel Services		36,000	$36 per student times 1,000 students.	Estimated based on OBI data.
	Public Information		9,000	$9 per student times 1,000 students.	Estimated based on OBI data.
Total School Cost			**$7,344,200**		
School Cost Per Pupil			**$7,344**		
School cost per ADMw			**$6,058**		
Education Service District support	Special Education Services		79,000	$79 per student times 1,000 students.	Based on OBI data for 2000-01. Does not include cash payments to districts, which are reflected in school-level and centralized district spending.
	Instructional Support		116,000	$116 per student times 1,000 students.	
	Technology Services		29,000	$29 per student times 1,000 students.	
	Central Services		12,000	$12 per student times 1,000 students.	
	ESD Administration		50,000	$50 per student times 1,000 students.	
Total Cost			**$7,630,200**		
Total Cost per Pupil			**$7,630**		
Total Cost per ADMw			**$6,294**		

IV.

The Commission created three panels to provide in-depth review of QEM 2000 and make specific recommendations for model revisions. Business, community and educational leaders served on the panels. Each panel reported its findings in Spring 2002 and a brief summary is included in this chapter.

Funding Equity Panel

The charge of the Funding Equity Panel was to determine:

- whether there are costs not captured in the prototypes;
- whether there is other revenue to be considered that is not provided by the state;
- if the equalization formula adequately accounts for the variation among students and districts;
- what equity definition will be operable in our funding structure.

Funding Equity Panel Findings and Recommendations

The panel determined there were very real differences in the absolute cost of paying for equal opportunity-to-learn, based on intellectual, cultural, social, economic, emotional, linguistic and other differences among individual students, and on variable characteristics of districts themselves. No distribution formula can take into account each variation that might occur, but a system should attempt to account for and balance the most substantial cost differences identified.

1. 'Adequacy' should be defined as the resources required to offer each student an opportunity to reach a given level of outcomes, and to continue to make significant progress when those outcomes are met early.

2. The panel recommends that the state gather data from its database to assess whether significant cost differences related to possible equity problems exist, whether refinement to the prototypes is needed, and, if it is, to determine a methodology for refinement.

3. Federal funds and other funds represent significant revenue to many districts and should be accounted for in the model. Those funds are not distributed evenly across districts, but they should be part of the calculation for establishing a statewide dollar amount needed to enable students to achieve equal outcomes.

4. The panel recommends that the state define equity as equal opportunity to meet the state's performance goals – i.e., that equity be described in terms of outcomes rather than inputs.

5. The state should examine each weight category to look for research-based support for the weight. Best practices should be considered in the development of the formula.

6. The panel strongly supports a line item in the state budget that separates out the highest-cost special education programs. The dollars for services to this population should follow the student.

7. The panel recommends the QEM allocation be equal per weighted student served in ESD regions, using the ESD study divisions of special education, technology, instructional support and professional development. The panel also recommends that revenue figures be added to the prototype schools.

8. The panel believes there are requirements for some small and remote schools to have increased funding to enable them to provide students with equal opportunities to meet quality education goals.

9. A future panel should study capital needs in school districts.

10. The Funding Equity Panel recommends a change in statute to read:
In ORS 327.013 (4) delete "$4,500" and insert "the amount determined by the Quality Education Model as needed to fully fund the prototype schools."
327.013. The State School Fund distributions shall be computed as follows:
(1) General Purpose Grant = Funding Percentage x Target Grant x District extended ADMw.
(2) The funding percentage shall be calculated by the Superintendent of Public Instruction to distribute as nearly as practicable the total sum available for distribution of money.
(3) Target Grant = Statewide Target per ADMw Grant + Teacher Experience Factor.
(4) Statewide Target per ADMw Grant = ~~$4,500~~ *The amount determined by the Quality Education Model as needed to fully fund the prototype schools.*
(5) Teacher Experience Factor = $25 x {District average teacher experience - statewide average teacher experience}. ìAverage teacher experienceî means the average, in years, of teaching experience of certified teachers as reported to the Department of Education.
(6) District extended ADMw = ADMw or ADMw of the prior year, whichever is greater.
(7)(a) Weighted average daily membership or ADMw = average daily membership + an additional amount computed....

Setting the QEM funding level as a standard is consistent with the constitutional requirement for the Governor and Legislature to report on the discrepancy between the actual funding level and the QEM. This change will enable comparisons to be drawn between the QEM target funding level and current support level as a measure of adequacy. State funding levels could be tracked over time to assess progress toward meeting the QEM standard, with adjustments as appropriate.

Best Practices Panel

The charge of the Best Practices Panel was to make recommendations for improving the model as a tool to support educational decisions.

Specifically, the panel recommended ways to accomplish the following tasks:
- Refine and update the QEM prototype schools designed to meet high academic standards.
- Align the structure of Oregon high schools to meet the new high school graduation requirements.
- Identify best practices for high school level instruction.
- Improve the model's ability to reflect effective, research-based practices in the context of K-12 student performance.
- Communicate with stakeholders regarding model refinements.

Best Practices Panel Findings

1. Best practices are strategies and programs that effect high student achievement.

The Best Practices Panel reviewed current educational research and met with educational experts to better understand which programs best meet the needs of Oregon students. The panel determined that successful schools and high student achievement happen only when a clear, consistent plan is in place. The panel's goal was to present clear guidelines outlining the best practices for school success.

2. Specific programs make a difference in student success.

Research shows that schools must regularly implement specific programs for students to consistently demonstrate high achievement. The panel identified 11 key findings, ranging from personalized educational programs to cost-effective resource management. Each key finding focuses on making learning specific to students' needs, while also making learning relevant to achieving state standards and preparing students for success beyond high school.

High school restructuring is key to increasing relevance and reducing the dropout rate. Developing personalized education programs, encouraging greater connectedness with school and significant adults, and focusing on career-related learning should be significant elements in restructuring efforts. While the panel's findings and recommendations are prescriptive in nature, they allow a great deal of flexibility at the local level. Schools and school districts can personalize programs to meet student and community needs.

Best Practices Panel Recommendations

- Modify the prototype high school to allow for greater flexibility to meet students' growing academic and social needs, and to allow for personalized learning and connectedness with staff and significant adults.
- Develop systems that can objectively assess Quality Indicators at the local school level.
- Determine recommendations for sustaining technology as an instructional tool in the classroom.
- Review the appropriateness of developing a prototype small school model.

The work of the Best Practices Panel should be ongoing.

Refining and improving strategies and models is necessary in order to maintain a quality educational system. Assessing Quality Indicators, creating small learning communities within large high schools, and developing a small-high-school prototype are some considerations for future panels.

Cost Panel Report

The Cost Panel's charge is to make recommendations for improving the model as a tool to support policy decisions regarding state school funding. Specifically, the panel's task is to recommend ways to:

- Continue to improve the QEM's accuracy and utility.
- Refine and update cost estimates, based on additional data in the Department of Education data base, inflation projections and other factors.
- Align model cost estimates with Current Service Level estimates developed by the School Revenue Forecast Committee.
- Improve the model's ability to link funding levels to student performance.
- Adjust cost estimates for programs under study by other panels.
- Keep the model understandable and easy to use.

Key Findings & Recommendations

Findings

Primary Cost Drivers

- Salaries and benefits comprise approximately 80 percent of K-12 school spending. Changes in the costs of compensation are influenced primarily by inflation and changes in workforce makeup.
- Major changes in student demographics in Oregon will affect the costs of bringing all students to state benchmarks. Rapid increases in the number of students in special education programs and of ELL have a cost impact.
- Declining enrollment in a majority of Oregon school districts is also a factor that is changing cost structures. Because school districts have certain fixed costs that do not fluctuate with enrollment changes, decreases in enrollment affect the relationship between fixed and variable costs.
- Accumulated capital needs, estimated at $3 billion statewide for Oregon school facilities, affect the costs of maintaining and operating schools.

Cost Increases

- Salary cost increases were moderate over the past decade.
- Benefits costs are rising rapidly. Health insurance costs have risen 10-15 percent annually and will continue to increase.
- Rates paid by school districts to the Public Employees Retirement System (PERS) are projected to increase by a minimum of 2.5 percentage points, or approximately $130 million, over the next biennium.
- Increases in non-salary cost items are expected to be moderate over the next biennium, with potential volatility in fuel and electricity costs.

Costing Methods

- Refined cost forecasting methods are improving the model's accuracy. The Department of Education is continuing to improve the quality of the salary and benefits cost estimates in the model, with a richer database and more detailed projection techniques.
- Cost projections are aligned with the work of the School Revenue Forecast Committee, which is charged with determining the costs of maintaining the current service level for K-12 schools. Cost Panel staff participated in estimation processes of the School Revenue Forecasting Committee, assuring that the assumptions and forecasts of key variables were consistent between the two groups.

Recommendations

- Minimize changes to the key components and format of the prototype schools to maintain comparability over time.
- Continue to use three prototype schools as the basis for the model. The Commission may wish to construct additional prototype schools and use statistical analyses to understand variations in costs among schools.
- Include the costs of ESD services in the model as central service components in the prototype schools. This report adds the costs of ESD services to the model for the first time.
- Describe all sources of funding for the K-12 system. This report includes a summary of funding sources for the K-12 system, with particular attention to federal revenues.
- Formalize the schedule for updating cost projections in the model to align with changes in state budget projections and school revenue forecasts.
- Compile historical information on changes in baseline prototype schools. The baseline prototypes will change to align with state current service level projections and to adjust for changes in real funding levels over time. The Commission may wish to establish an historical baseline to link to changes in performance expectations.
- To improve current projection methods, continue to investigate the link between funding and performance, based on actual spending and performance data available through the Database Initiative. This work will take time and should be an ongoing priority for the Commission.

CHAPTER V

V.

Costs for Meeting the Quality Goals

The QEM calculates the statewide cost of providing a quality education by determining a cost per student at each prototype school and multiplying that cost by the number of students statewide at each of those levels. The table below shows the State School Fund budget allocation for 2001-03, the amount needed to carry forward 2000-01 program levels to the 2003-05 biennium (QEM Baseline), and the cost to implement the best practices identified in the QEM for the 2003-05 biennium. Full implementation of the QEM in 2003-05 will require State School Fund resources of $6,995.1 million, compared to a baseline level of $5,596.4 million, leaving a funding gap of nearly $1.4 billion, or roughly 20 percent. With a weak revenue picture for 2003-05, and without any additional revenue sources, actual resources available in the 2003-05 budget cycle may be less than the baseline level, resulting in an even larger funding gap.

Chart #13

Estimated 2003-05 State School Fund Requirements

	2001-03 Biennium	2003-05 Biennium	
(in millions of dollars)	Budgeted Allocation*	QEM Baseline*	QEM Full Implementation
School District Formula	$6,531.9	$7,588.6	$8,996.9
Plus: ESD Formula Allocation	$316.8	$362.9	$362.9
Equals: Total Formula Allocation	$6,848.7	$7,951.5	$9,359.8
Less: Local Revenue	$2,2112.8	$2,355.1	$2,355.1
Plus: High Cost Special Education			$74.4
Less: Added Federal Revenue for Special Education			$84.0
Equals: State School Fund Amount	$4,735.9	$5,596.4	$6,995.1
Plus: Accrual Back from 2003-05***	$211.0		
Equals: Total Resources	$4,946.9	$5,596.4	$6,995.1
Year 1 Amount per student (ADMw)	$5,079	$5,786	$6,589
Year 2 Amount per student (ADMw)	$5,247	$6,000	$6,832

* *2001-03 Budget after 5th Special Session. Includes $108 million in School Improvement Fund.*
** *Baseline is based on actual expenditure levels for the 2001-01 school year, inflated to 2003-05.*
*** *SB 1002 of the 5th Special Session allows accrual of part of the July 2003 payment back to the 2002-03 fiscal year.*

SOURCES OF FUNDING FOR OREGON SCHOOLS

The QEM focuses on resources allocated to schools through Oregon's State School Fund. Following is a summary of other funding sources available to support K-12 education.

Federal Funds

Major sources of federal education funding for Oregon are in the areas of compensatory education, special education and child nutrition.

Title I

These grants provide funds for standards-based, compensatory education activities for low-income, migrant and neglected students, to help them meet content and performance standards. Funding is targeted to specific schools and student populations. The *No Child Left Behind Act* requires states to implement statewide accountability systems covering all public schools and students. Those systems must include challenging state standards in reading and mathematics, annual testing for all students in grades 3-8, and annual statewide progress objectives ensuring that all student groups reach proficiency within 12 years. Assessment results and state progress objectives must be broken out by poverty, race, ethnicity, disability and limited English proficiency to ensure that no group is left behind. School districts and schools that fail to make adequate yearly progress (AYP) toward statewide proficiency goals will, over time, be subject to improvement, corrective action and restructuring measures to get them back on course to meet state standards. Schools that meet or exceed AYP objectives, or close achievement gaps, will be eligible for State Academic Achievement Awards.

Individuals with Disabilities Act (IDEA)

These grants help educate and support students receiving special education and related services. Grants provide access to technological instruction and adaptive equipment for students, and support professional development for special education personnel to improve delivery of services.

USDA Child Nutrition Programs

This entitlement program provides school breakfast, lunch and snacks to low income students and includes a small subsidy for all students who participate. Federal support includes cash reimbursement for meals served and government surplus commodity food. Chart #14 shows the sources of funds to Oregon schools, including federal program spending.

State Grants

The state provides approximately $55 million to school districts and Education Service Districts. Funds, distributed through the Department of Education, primarily support programs for students with special needs.

Other Local Sources of Funding

School districts statewide collect an estimated $200 million in funding annually that is outside the State School Fund. Major sources of funding include fees charged to students for extra-curricular activities, facilities rental fees, interest earnings on investment of funds, school lunch sales, and private donations from individuals, foundations and fundraising.

Chart #14

Table
Sources of K-12 Education Funding
2001-03 Biennium

(in millions)	State General Fund	Other Funds	Lottery Funds	Federal Funds	All Funds
State School Fund					
State Revenues	3,861.9	423.9	342.1		4,627.9
Local Revenues	2,112.8				2,112.8
School Improvement Fund	108.0				108.0
Accrual Back from 2003-05*	211.0				211.0
State Grants					
Regional Programs	31.7				31.7
Hospital Programs	2.1				2.1
Long-Term Care & Treatment	17.6				17.6
OPEN	2.0				2.0
Other	1.7	16.5			18.2
Federal Grants					
Special Education - IDEA				163.7	163.7
Title I - Low Income				163.8	163.8
Title I - Migrant Education				27.2	27.2
Title I - Vocational Education				25.2	25.2
USDA Child Nutrition				194.7	194.7
Other Grants				93.2	93.2
Other Local Sources					
Tuition, Fees, Rents		150.0			150.0
Interest Earnings		100.0			100.0
Food Service Sales		140.0			140.0
Private Donations		20.0			20.0
Department of Education					
Schools for the Blind & Deaf	16.2	3.3		0.6	20.1
Youth Corrections Education		28.6		2.9	31.5
Department Operations	36.4	15.9	-	38.9	91.1
Total 2001-03 Funding	$6,401.4	$898.2	$ 342.1	$ 710.0	$8,351.8

* SB 1022 of the 5th Special Session allows accrual of part of the July 2003 payment back to the 2002-03 fiscal year.

Note: State and Federal Sources are based on the Legislatively Adopted Budget after the 5th special session.
Other Local Sources are estimated based on historical data

VI.

Definition

Quality Indicators are a set of educational practices and standards that suggest how effectively and efficiently Oregon's schools are functioning. It is critical to be able to make some assumptions about system functioning when determining the effects of various funding levels on the QEM's prototype schools. An increase in funds is not likely to result in increased student performance in schools that are not functioning effectively and efficiently. However, if the system functions in a highly effective and efficient fashion, small funding increases can be expected to lead to increases in student performance. The system can even be expected to tolerate small, short-term fiscal problems without profound damage. (Report to the Quality Education Commission, David Conley PhD. August 2002)

CHARACTERISTICS OF KEY QUALITY INDICATORS

School

Leadership that facilitates student learning:

1. The school community is focused on goals and has a sense of vision or purpose.
2. State standards are part of the school's goals, and the school has a clear, realistic plan to enable increasing numbers of students to meet standards over time.
3. Broad-based involvement in decision-making is clearly focused on student learning.
4. Leadership roles are present in the school community, and leaders are committed to enhanced student learning.
5. The school community has a healthy organizational climate and a minimum of political 'in-fighting'.
6. Employees are held accountable to high performance standards.

Parental/community involvement:

1. Extensive communication exists with parents and community.
2. Parents and community influence school functioning and programs.
3. Parents and community have a positive attitude about the school, and a sense of belonging and ownership.
4. A wide range of adults in the school includes licensed teachers, paraprofessionals, aides, parent volunteers, senior citizens, college students and members of the business community.
5. Tutoring and mentoring programs provide one-on-one assistance to young people with special needs.
6. The school has someone to coordinate and maximize the adult resources available.

Organizational adaptability:

1. Policies are reviewed and updated frequently.
2. Organizational renewal is stimulated through the use of task forces, study groups, ad hoc committees, external visitation teams, etc.
3. A formal planning process exists that examines internal and external data on organizational functioning, purpose, and potential opportunities and challenges.
4. School culture focuses on identifying new challenges, rather than recounting old accomplishments.
5. The school views public relations as a tool to stimulate change.

Safe and orderly learning environment:
1. Students are on task within their classrooms.
2. Hallways and all public spaces are orderly at all times.
3. Students are not fearful of attending school.
4. Violent incidents are rare and dealt with immediately and effectively.
5. Parents and community view the school as being safe and orderly.
6. The school cooperates with community agencies to ensure consistency in the enforcement of laws and rules by providing programs for disruptive students.

School district policies that support high expectations, accountability, curriculum alignment and maximum allocation of resources to teaching/learning:
1. The district's mission is focused on high achievement for all students.
2. Policies reinforce the belief that all groups of students are capable of learning.
3. A regular review process exists to ensure alignment between grade levels and schools, and that articulation is occurring across schools.
4. Accountability policies exist that use data to identify under-performing schools, to diagnose causes for under-performance and to ensure that improvement occurs.
5. The performance of school leaders is reviewed regularly, and individuals are moved to ensure quality leadership in every key role.

Teachers

Teacher/teaching quality:
1. Teachers have adequate content knowledge in their areas or subjects.
2. Teachers are prepared to teach and assess state standards.

Teacher efficacy:
1. Teachers believe all students are capable of making substantial learning gains each year.
2. Teachers' actions show that they believe they have a direct effect on student learning and academic success.
3. The school is organized in a way that maximizes teachers' abilities to positively effect student learning.
4. While acknowledging challenges from various external factors, teachers take primary responsibility for ensuring that students learn while in school.

Teacher professional development program focused on improving student learning:
1. A systematic, long-term professional development plan links directly to improvement of student performance.
2. Teachers participate in, and show ownership of, the professional development plan.
3. Changes in instructional programs and classroom teaching practices are a direct result of the professional development program.

Classroom

Demonstrably effective instructional programs and methods:
1. Teachers demonstrate mastery of a range of instructional strategies to enable all students to meet standards.
2. Flexible grouping strategies, with frequent regrouping, are based on accurate data on student knowledge and skill.
3. Instructional time is a high percentage of the total time available during the day and year.

4. Time devoted to instruction is used effectively.
5. Technology is used to enhance learning efficiency.
6. Homework is used to supplement classroom learning or practice skills, not to introduce new skills or serve as busywork.
7. Homework is not done in class as a substitute for instruction.
8. Homework is coordinated among teachers and subjects to ensure that students are capable of completing assignments in a quality fashion.
9. Decisions about instructional materials, programs and texts are based on research or other evidence that shows that the materials and programs will enhance student learning.

School focus on student learning and state standards:
1. The school's planning process uses data on student performance as a key element.
2. School staff have skills in collecting and analyzing student performance data.
3. A system exists to collect and use data on student knowledge and skills.
4. A direct relationship exists between decisions about the instructional program and data on student knowledge and skills.

Students

Students enter kindergarten and each subsequent benchmark level ready to learn the academic curriculum:
1. When measured at the beginning of kindergarten and grades 3, 5, 8 and 10, students demonstrate skill and knowledge levels adequate to ensure that they have the potential to reach prescribed benchmarks by the end of the benchmark year.
2. Adequate diagnostic information exists for each student so the school can identify the student's level of functioning at any time. That information also enables the school to prescribe a program of improvement, if necessary, to help the student achieve the next benchmark.
3. Programs exist to support students who need extra help in reaching benchmark levels.

Student connectedness to school and engagement in academic and extracurricular programs:
1. School size or organizational structure is appropriate to ensure that student interactions occur at a human and manageable scale, and that all students are known by the adults in the school.
2. Opportunities for students are numerous and varied enough to ensure that all students can become involved, and that involvement is not restricted to a particular group of students.
3. Award and recognition programs are designed to include a wide range of students, so that the same students are not repeatedly selected for recognition.
4. The school has mechanisms to identify and engage students who may otherwise fall through the cracks, drift through school anonymously or drop out.
5. Alternative education programs are not one-way streets that funnel students out of the school. They connect to the broader school program in ways that encourage participation by all students in the school community.

Quality Indicators can be used to help forecast the student achievement expected from prototype schools. A high score on a Quality Indicator scale would suggest that schools could achieve greater learning gains as resources were added. Schools that have a solid Quality Indicator index score demonstrate the potential to improve.

Glossary

ACCOUNTABILITY
The consideration of how, and to whom, schools are responsible if their students do not meet established performance expectations.

ADMr
Resident Average Daily Membership. Year-to-date average of daily student enrollment as of June 30 for students residing in the district. Some resident students may attend school in another district. Kindergarten students are counted as half-time students because Oregon's current kindergarten programs are half-day.

ADMw
Weighted Average Daily Membership. Year-to-date average of daily student enrollment as of June 30 for students residing within the district (ADMr), adjusted to reflect student weightings as defined by the School Fund Distribution Formula. Kindergarten students are counted as half-time students because Oregon's current kindergarten programs are half-day. (For complete explanation of weighting, see Appendix B).

BASELINE MODEL
The baseline model is an application of the QEM where the inputs to the model are set to the level that currently exists in Oregon schools. It represents a starting point from which proposed changes to the existing system can be evaluated.

BENCHMARKS
Student performance goals established by the Oregon Education Act for the 21st Century. Student performance is measured relative to the goals through the use of standardized tests given in grades 3, 5, 8 and 10.

BEST PRACTICES
Best practices are those strategies and programs that have been demonstrated in research and experience to be successful in effecting high student achievement. They are specific programs that accompany the components of the QEM.

CAPITAL NEEDS
Resources required by school districts to fund building construction, building remodels and major equipment purchases. In Oregon, capital needs are funded by individual school districts by issuing general obligation bonds, which are financed through local property taxes.

CERTIFICATE OF ADVANCED MASTERY (CAM)
An award given to students who have met 12th grade standards on state tests and classroom assignments in English, mathematics, science, social sciences (history, civics, geography and economics), the arts and a second language, and who have met career-related learning standards. Beginning in school year 2004-05, Oregon students will have the opportunity to earn their CAM, which indicates that they have satisfied Oregon's educational requirements.

CERTIFICATE OF INITIAL MASTERY (CIM)
An award given to students who have met 10th grade standards on state tests and classroom assignments in English, mathematics, science, social sciences (history, civics, geography and economics), the arts and a second language. Oregon students first had the opportunity to earn the CIM in English and mathematics in the 1998-99 school year, followed by requirements in science, social sciences, the arts and a second language.

CLASSIFIED STAFF
School employees who support licensed personnel, including instructional assistants, clerical staff, bus drivers, custodians, maintenance and food service workers.

CLASSROOM SET
A set of textbooks for use only in the classroom.

COMPONENTS (OF THE MODEL)
A component is a subset of an element, allowing elements of the QEM to be broken down into smaller parts (e.g., classroom sets, copying, media center materials, etc.).

CONFEDERATION OF OREGON SCHOOL ADMINISTORS (COSA)
Founded over 25 years ago, the Confederation of Oregon School Administrators serves as the umbrella organization for four separate associations, each with its own elected governing body and appointed committees: Oregon Association of Central Office Administrators (OACOA), Oregon Association of School Executives (OASE), Oregon Association of Secondary School Administrators (OASSA) and Oregon Elementary School Principals Association (OESPA). COSA's offices are located in Salem.

DATABASE INITIATIVE PROJECT (DBI)
In response to state legislation passed in 1997, the Oregon Department of Education updated its uniform budget and accounting system for school districts and Education Service Districts to allow for valid comparisons of expenditures among schools and districts. The Database Initiative Project began in 1998 as a pilot program, using this revised accounting system to collect and report detailed school-level data for 15 Oregon school districts and one Education Service District. Expanded statewide for the 1999-00 school year, the database provides information on spending, staffing, school processes, student performance and demographics for all state schools.

DISTRIBUTION
The principles and methods used in allocating funds to districts and individual schools. Currently in Oregon, state and local funds are distributed essentially equally on a per-student basis through a formula established by the Legislature.

EDUCATION SERVICE DISTRICT (ESD)
Oregon is divided into regional districts formed to assist the State Board of Education in providing state-level services. ESDs deliver essential support services to school districts so that districts can meet state standards and comply with state laws, and they respond to district needs. ESDs work to promote inter-organizational cooperation in their regions, and offer expertise and specialized resources that few school districts can provide on their own.

ELEMENTS (OF THE MODEL)
An element of the QEM is a set of functions or activities that is important to the school's ability to offer instructional programs (e.g., supplies, teaching staff, administrative support).

ENGLISH LANGUAGE LEARNERS (ELL)
Students whose first language is not English, who need additional assistance to be successful in Oregon classrooms. Similar terms often used are Limited English Proficiency (LEP) and English as a Second Language (ESL).

FAMILY RESOURCE CENTER
A centralized, easily accessible site, operated by several government, non-profit or for-profit social service agencies, organized to address the needs of students and families.

FTE
Full-time equivalent staff. One FTE is defined as a regular staff position scheduled to work eight hours a day.

FUNDING GAP
The difference between the amount of funding allocated to the State School Fund and the amount needed to finance the QEM prototype schools.

FUNDING EQUITY
A system of accounting for, and balancing, the most substantial costs of paying for equal opportunity to learn. Funding equity is based on intellectual, cultural, social, economic, emotional, linguistic and other differences among individual students, and on the variable characteristics of school districts.

GOVERNANCE
The function of decision-making. Governance questions relate primarily to who has the authority to make decisions that affect how schools are run and how resources are spent. It involves the relationships between schools and other levels of government (e.g., the state), schools and parents, and schools and students.

LEGISLATIVE COUNCIL ON THE QUALITY EDUCATION MODEL (QEM)
Appointed by Oregon Speaker of the House Lynn Lundquist in March 1997, this legislative group developed and published the original QEM.

LICENSED STAFF
Instructors certified by the Oregon Teachers Standards and Practices Commission.

MANDATES
Requirements imposed on school districts by higher levels of government (state and federal).

MEASURE 5
Property tax limitation passed by Oregon's voters in November 1990, which limited local property taxes for K-12 schools, ESDs and community colleges to $5 per $1,000 of real market value. Prior to the passage of Measure 5, the average tax rate was $17 per $1,000 of real market value.

MEASURE 47
Property tax limit passed by Oregon voters in November 1996. Based on assessed value, it rolled taxes back to 1995-96 levels less 10 percent and limited future increases to 3 percent annually.

MEASURE 50
Initiative referred by the Legislature and approved by voters to clarify and implement Measure 47.

OCTOBER 1 ENROLLMENT
Count of all students enrolled in school districts as of October 1st each year.

OPERATING BUDGET
Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending and service delivery activities of a government are controlled. Law allows the use of either annual or biennial operating budgets for Oregon's school districts.

OREGON EDUCATION ASSOCIATION (OEA)
The Oregon Education Association is an independent union representing licensed and classified employees in Oregon school districts, community colleges, and education service districts. OEA is major statewide advocate of employees and is headquartered in Tigard, Oregon.

OREGON EDUCATION ACT FOR THE 21ST CENTURY
Passed by the state Legislature in 1991, Oregon's educational reform act (ORS 329) calls for a dramatic increase in student achievement by raising academic expectations. The legislation focuses curriculum and instruction on higher standards, and holds students accountable for achieving the standards through assignments and assessments. Educational reform includes using the community as a learning resource, and building new partnerships among schools, parents, employers and communities. This legislation was later revised in 1995 to reflect the increased emphasis on student performance standards. See Glossary definitions for Certificate of Initial Mastery (CIM) and Certificate of Advanced Mastery (CAM).

OREGON REPORT CARD
An evaluation system, required by the Legislature and implemented by the Oregon Department of Education, which rates the effectiveness of individual schools based on factors such as student test scores, attendance rates and other school characteristics.

OREGON SCHOOL BOARDS ASSOCIATION (OSBA)
Founded in 1946, the Oregon School Boards Association is a non-profit organization whose purpose is to support school board members by providing a variety of services – from board member training and executive searches to policy services, publications and legislative advocacy. OSBA represents more than 1,400 locally elected school board members, as well as board members from the state's 21 education service districts, 17 community colleges and the state Board of Education. OSBA's offices are located in Salem.

OREGON SCHOOL EMPLOYEES ASSOCIATION (OSEA)
The Oregon School Employees Association is an independent union representing classified employees in Oregon school districts, community colleges, Education Service Districts, and park and recreation districts. OSEA is the major statewide advocate of classified employees and is headquartered in Salem.

PROFICIENCY-BASED ADMISSION STANDARDS SYSTEM (PASS)
The Oregon University System (the state's seven public universities) has developed a set of proficiencies that will eventually be required for admission. These proficiencies are aligned with the standards and assessments of the Oregon Education Act for the 21st Century, including the CIM and the CAM. Teachers from 50 Oregon high schools currently are working with university staff to refine this system.

PERFORMANCE-BASED STANDARDS
Oregon's education reform act describes what students should know and be able to do as a result of their schooling. Students must demonstrate their understanding and mastery of information and skills on tests and through performance assessments. Their achievement is measured on those performance-based standards.

PERS
Oregon's Public Employees Retirement System (PERS) was formed in 1946 to enable public employers to provide employees with retirement benefits as part of the state's compensation package. PERS is the retirement program for approximately 95 percent of state and local government employees, including all state agencies and public school districts.

PROTOTYPE SCHOOLS
Three hypothetical schools (representing an elementary, middle and high school) that, collectively, capture all the expenses in the K-12 system. They provide, when multiplied by the number of students in the state, an estimate of the overall budget needed to fund Oregon's K-12 schools. Programs at these schools are designed to produce specified levels of student performance. Each school has certain defined characteristics, along with a number of tangible and intangible dimensions. It is assumed that if the specified program is offered and the assumptions regarding characteristics and intangibles (Quality Indicators) are met, the prescribed level of student performance will result.

QUALITY INDICATORS
Quality Indicators are the intangible characteristics of schools – such as instructional leadership, teacher quality, and parent and community involvement – that play a critical role in student achievement.

SCHOOL FUND DISTRIBUTION FORMULA
The formula by which the state of Oregon distributes funds to local school districts. Because the formula treats local revenue as an offset against the total amount to be distributed to each district, the formula, in effect, distributes both state and local funds to districts. Sometimes referred to as the 'Equalization Formula' or the 'State Funding Formula'.

STATE SCHOOL FUND (SSF)
The major appropriation of state financial support for Oregon public schools, distributed to school districts on a weighted per-student basis using the School Fund Distribution Formula. (See Appendix B).

CHAPTER VIII
CHARTS AND
TABLES

VIII.

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CHAPTER X
APPENDICES

X.

All appendices can be found on the Quality Education Commission web site:
http//dbi.ode.state.or.us/qualityed/

Appendix A: Quality Education Statute ORS 329.025

Appendix B: Best Practices Panel Report

Appendix C: Cost Panel Report

Appendix D: Funding Equity Panel Report

Appendix E: The Role of Federal Funds in the Quality Education Model

Appendix F: The Cost of Operating Small Schools in Oregon

Appendix G: An Evaluation of Education Service District and School District Services in Oregon

Appendix H: The Feasibility of Collecting Data on Quality Indicators in Oregon Schools

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